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NEWS SUMMARY

GENERAL

UN sets date for Namibia control

Mr. Kurt Waldheim, UN Secretary-General, set March 15 as the date for a ceasefire in Namibia (South-West Africa) and for the start of UN supervision of Namibia's transition to independence.

He did not set a date for free independence elections which South Africa has said should take place under UN control no later than September 30.

Dr. Waldheim assured the Security Council that he would take all measures to ensure the scrupulous observation of the agreement that Namibians now outside the country should participate freely in the elections. Page 4

Rhodesia warning

Rhodesia's airstrike against nationalist guerrilla bases deep inside Angola was followed by a warning that neighbouring black States harbouring terrorists must accept the consequences. Page 4

Gap narrows

The gap between potential Yes and No voters in the Scottish devolution referendum is narrowing quickly and the result could be close. Back and Page 10

Siege man jailed

An accountant who attacked three policemen with a machete when they tried to eject him from his council flat was jailed for five years at the Old Bailey. Stuart James Brickell, 43, was under siege in the flat in Islington, London, for 10 days until he gave himself up, the court was told. He was found guilty of wounding charges.

Church revolt

Bishop of Liverpool, the Rt. Rev. David Sheppard, is leading a revolt among Church of England bishops against an 18 per cent pay rise proposed by the Church Commissioners. He said it should be limited to 8 or 9 per cent.

Iran arrests

Three Britons and an American were said to have been arrested by revolutionary forces in Iran. If the arrests are confirmed it will mean that five Britons are now detained in Iran.

Housing move

The Housing Bill, due to be published in the next few weeks, will provide for improvements in the accountability of Britain's 2,650 registered housing associations. Page 10

Charges dropped

All charges against Tom Keating, the 62-year-old artist accused in the "art fakes" case at the Old Bailey, have been dropped. Mr. David Tudor Price, for the Crown, said Keating could not stand the strain of trial.

Briefly . . .

Rudolf Hess, Hitler's deputy, who will be 85 in April, was taken from Spandau Jail to the British Military Hospital suffering from acute bronchitis.

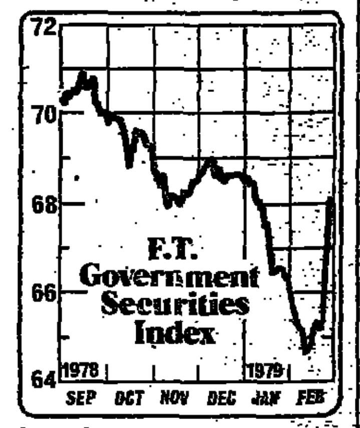
Ten men will appear in court at Glasgow today in connection with the bombing of two city public houses nine days ago.

Winner of this week's £75,000 premium bond prize lives in Luton. The winning number was 16VZ 215025. The £50,000 winner, with bond number 9FW 885696, lives in Hampshire.

BUSINESS

Equities ahead; Gold down $3¾

● GILTS continued to dominate the market as the new Account opened confidently. Shorts net gains extended to ½. Longs closed ½ up on balance. Government Securities index ended 0.25 up at 68.05.



● EQUITIES again made progress, but the FT 30-share index closed below the day's best at 468.8, for a rise of 1.8. Official markings rose to 6,146.

● GOLD was down $3¾ to $248½.

● STERLING rose 90 points to $2.0210. Trade-weighted index was 64.2 (63.9). Dollar's depreciation: 8.3 (8.2) per cent.

● WALL STREET was off 1.99 at 821.29 near the close.

● RECORD turnover of 1,610 contracts was transacted on the London traded options market yesterday. The previous high was 1,352 on February 20.

● WEST GERMANY will experience a further rise in real living standards of about 20 per cent between now and 1985 and should see a flattening-out of the rate of real Gross National Product growth to about 3 per cent a year by the same date, a Dresdner Bank forecast says. Page 3

● SOUTH AFRICAN rand is to be floated on foreign exchange markets from today but will be subject to intervention by the South African Reserve Bank. Page 4

● PUBLIC SECTOR borrowing rose sharply towards the end of last year, chiefly because of backdated tax cuts and increased fund-raising by nationalised industries. Back Page

● STEEL industry craft unions, representing 41,000 skilled workers, rejected a pay and productivity offer of 8 per cent from the BSC. Page 9

● EMI has sold the freehold of its 3½-acre headquarters development in Tottenham Court Road to Prudential Assurance in return for the funds to complete the building. Prudential has agreed to pay £33m. Back Page

● NEW BID by Wereldhave, then another by Olympia and York, came in quick succession for English Property Corporation yesterday, raising the company's value to £55m. Back Page

COMPANIES

● CIBA-GEIGY operating profits for 1978 were 14 per cent lower at SwFr 360m (£105m) and operating cash flow dipped to SwFr 962m from SwFr 1.05bn. Page 34

● RANSOMES Sims and Jefferies pre-tax profit rose to £2.57m (£2.25m) on turnover up from £31.05m to £34.4m for the year to December 30. Page 23

● CREST Nicholson is making a one-for-two rights issue at 20p a share to raise £1.1m. The company has taken over Crofton Group for a total deferred consideration of £3.14m. Page 30

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Exchq. 10pc 1983	£89¾	+ ¾
Treas. 13¼pc 2000/03	£119½	+ ¾
Assoc. Sprayers	74	+ 8
B.S.G. Intl.	41	+ 3
Bakers Household Stores	65	+ 7
Burton A	221	+ 13
Caledonian	131	+ 8
Carron	73	+ 8
Cawdaw	34	+ 3
Centreway Secs.	315	+ 18
Crest Nicholson	111	+ 7
Davis (Godfrey)	102	+ 8½
English Property	60½	+ 6½
Eurotherm	333	+ 15
Gibbs (A.)	56	+ 6
Gough Cooper	75	+ 6
Grindlays Hldgs.	133	+ 9
Home Counties	75	+ 5
Jacksons Bourne End	140	+ 12
Leboff (Fobel)	48	+ 5½
Marshall's Universal	154	+ 11
Midland Bank	378	+ 10
Rank Org. "New"	26pm	+ 8
Ransomes Sims	160	+ 11
Scot. & Univ. Inds.	145	+ 10
Sharpe & Fisher	62	+ 7
Trafford Park Ests.	149	+ 9
United Scientific	264	+ 12
Wagon Finance	45xd	+ 5½
Whitehouse	142xd	+ 14
Guthrie Corp.	473	+ 30
Cons. Murchison	325	+ 15
De Beers Defd.	470	+ 10
EZ Industries	295	+ 30
Metals Expln.	44	+ 4
FALLS		
Alginate	300	− 74
Booker McConnell	258	− 8
Campari	102	− 7
P. & O. Defd.	76	− 5
Sotheby P.B.	378	− 9

Yamani warns of further breaches in OPEC prices

BY KEVIN DONE, ENERGY CORRESPONDENT

Kuwait and Venezuela could follow Abu Dhabi, Qatar and Libya in raising their crude oil prices above the levels officially agreed by the OPEC countries *in December, Sheikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister said* in London yesterday.

Saudi Arabia, the world's largest crude oil exporter, still appears intent on pursuing a more moderate pricing policy, however. Sheikh Yamani told an energy conference he expected the price of Arabian light, the crucial marker crude *on which other crude oil prices* are based, to move only in line with the increases agreed in December.

At the same time Sheikh Yamani reacted coolly to suggestions made at the weekend by the U.S. that America may have to resort to a military presence to assure the security of the oil-producing Gulf area. *He said: "We do not want any* military existence in our area."

The price of Arabian light is scheduled to rise by 14.5 per cent this year in quarterly stages. Saudi Arabia had no intention of introducing any surcharge in the second quarter, said Sheikh Yamani.

Saudi Arabia is producing an extra 1m barrels a day above its official ceiling of 8.5m barrels a day in order to make up part of the loss of Iranian crude on world oil markets.

This extra production is being sold at fourth quarter 1979 *prices, but Sheikh Yamani* gave a warning that Saudi Arabia would be reluctant to carry the increase through into the second quarter "unless there is a serious need to do so."

The increases expected from Kuwait and Venezuela could be in the order of $1 a barrel, he said, but they would be temporary and would never be incorporated into the OPEC price structure agreed in December.

Saudi Arabia is trying to hold to a moderate line for the special meeting of the OPEC producers in Geneva on March 26, which has been called in response to the turmoil in Iran and the supply crisis.

But at least one of the price *hawks, Abu Dhabi, has already* stepped out of line by announcing higher prices for its lighter crudes for every quarter this year.

Abu Dhabi and Qatar have already raised first quarter prices for their light crudes by 7 to 8 per cent ($0.94 to $1.02 a barrel) above officially agreed OPEC levels *and* Libya has introduced a surcharge of 68 cents a barrel for its crude from last Thursday.

Venezuela was reported yesterday to be moving already to raise the price of its heavy fuel *oil exports by $2.10 to $2.50* a barrel. It has traditionally priced this product closely in line with market demand and prices are expected to rise on March 1.

Sheikh Yamani warned the oil consuming nations yesterday that they must intensify efforts to produce additional supplies of energy from other sources.

The period of surplus crude oil supplies, which had been expected to last until 1980 was already over.

The supply shortfall had been met adequately so far—by increased production from some OPEC countries and the drawing down of stocks in the consuming nations—but it would be exacerbated if normal rates of Iranian exports of 5.5m barrels of oil a day were withheld much longer.

But Iranian exports were unlikely to reach previous levels he said. He told the conference, organised by the Council for Energy Studies, that the events of the last four months had demonstrated the real state of world oil supplies.

Conservation and a reduction of energy demand in industrialised countries though laudable, were not enough. They had to be matched by equal efforts to increase energy supplies. But so far such efforts had been "insufficient or inadequate."

Continued on Back Page

Iran oil exports to resume next week

By Simon Henderson in Tehran

IRAN IS to resume oil exports next week, according to Mr. Hassan Nazih, the recently appointed managing director of the National Iranian Oil Company.

Addressing thousands of workers at the giant refinery at Abadan in the south yesterday, he said that NIOC's production and export policies would "be based entirely on Iran's national interests."

According to one oil company executive quoted in a Tehran newspaper, however, Iran will *sell its oil directly*, and not through the BP-led consortium which previously handled 90 per cent of exports.

The newspaper said that oil would be sold to the highest bidder. NIOC denied the report but several Western embassies were treating it as a trial balloon—particularly the suggestion that Iranian oil should be sold at spot market prices which are up to $10 more per barrel than the Organisation of Petroleum Exporting Countries market price of $13.34 per barrel.

Mr. Nazih was on a trip to the Khuzestan oilfields and the Abadan refinery to assess how soon it would take to bring oil production above its present level of 700,000 barrels a day. This is approximately equal to current seasonal domestic demand.

• A NIOC official said yesterday *that production of 3m* barrels a day could be achieved within a week, but Mr. Hussein Bani-Assadi, a personal delegate to NIOC of Mr. Medhi Bazargan, the Prime Minister, is reported to have said that it would take until the end of March to reach 1m barrels a day.

The previous level of production of over 6m barrels a day is not expected to be repeated because the *new regime* wants to conserve supplies and more closely match revenue to its development programme.

Mr. Bani-Assadi had also said that there would be an upper limit on exports of 3m barrels a day. This figure is said by NIOC to be within Iran's capability without the assistance of foreign technicians.

● Mr. Ali Ardalan, the new Minister of Finance and Economic Affairs, said there was no question of nationalising banks at the moment but such *a measure might be taken in* the future.

UK COAL DEAL SOUGHT

China shows interest in buying Airbus

BY JOHN ELLIOTT IN PEKING

CHINA HAS expressed firm *interest in buying not only the* European Airbus—in which the UK has a stake—but also the British Aerospace Type 146 four-engined feeder-liner.

This emerged yesterday at talks between Mr. Eric Varley, *Secretary for Industry*, and Mr. Lu Tung, China's Minister responsible for aircraft.

It was also agreed that talks will continue on the possibility of selling Harrier jump-jets to China, despite the UK Government's lack of interest in formal commitments while the Vietnam invasion continues.

British Aerospace is also to *look into the possibility of China* building parts for the 146.

China also wants Britain to buy up to 5m tonnes of coal a year, to pay for large contracts being sought by the National Coal Board and UK mining *equipment manufacturers on the* construction of two big mines.

This was confirmed here by Mr. Tzang Tze-Yun, senior vice-Minister for Coal, who is to meet Mr. Varley today.

The mines, in the Tatong *area, would be the biggest in* China and Britain would be asked to take half their annual 10m tonnes output either for use in the UK or to sell to other countries.

It is understood that a group *of* London merchant banks, led by S. G. Warburg, has organised the necessary credit. The National Coal Board has also prepared tenders for a coal research laboratory.

Mr. Tze-Yun said China *wanted to boost its coal production of 600m tonnes a year* to 900m tonnes, by the end of 1985. Of this, 10m to 20m tonnes would be exported.

Countries now being asked to buy coal in return for gaining mining contracts, in addition to Britain, *include* Yugoslavia, which is seeking work on mines designed to produce 1.5m tonnes a year, and Romania, which is chasing 8m tonnes-a-year mines.

The U.S. will also be placed in *this category if*, as is expected, it bids for major open-cast mining work.

● Mr. Deng Xiaoping, China's Vice-Premier, was reported by a Japanese news agency as saying China intends to join the International Monetary Fund and the Asian Development Bank if the Taiwan problem is solved.

Chinese 'may invade Laos'

Chinese troops were preparing to invade Laos, the Soviet news agency Tass said yesterday. The report *from* Hanoi said China was "preparing the ground for spreading its *aggression" into Laos* and that Chinese troops were being massed where the Chinese, Lao and Vietnamese borders join. Chinese senior vice-premier Deng Xiaoping predicted that the fighting in Vietnam might end in about 10 days. Back Page

Stock Exchange is target for civil servants' strike

BY PHILIP BASSETT AND PAUL TAYLOR

CIVIL SERVICE unions already taking strike action over pay at key Government computer centres, yesterday announced further action which will affect Stock Exchange share transactions and house and land purchases.

Members of the Civil and Public Services Association, who work for the Inland Revenue at the Stock Exchange and two other central London sites stamping share exchange certificates, will be called out from tomorrow, initially for a week, though the strike will be reviewed after that.

Pickets will be mounted at the Stock Exchange from tomorrow. The action by the 30 CPSA members is likely to have only a limited effect on transactions, as 80 per cent of Stock Exchange turnover is in Government securities which do not carry stamp duty.

A strike will also be called from tomorrow, again for a week at first, at the Land Registry in Plymouth, Devon, where solicitors transacting house purchases check on second mortgages and land ownership.

The CPSA and the Society of Civil and Public Servants, the two unions representing clerical and executive grades taking action in support of their claim for implementation of the results of a pay comparability study, yesterday wrote to all MPs strongly criticising statements made on the dispute by the Prime Minister and senior Ministers.

The main thrust of the selective strike action involving 1,300 civil servants which started at the weekend is primarily directed at vital computer installations. Value-added tax operations, statistical services and a wide range of Government grants and subsidies to industry, commerce and farmers have already been hit.

CALLAGHAN SEES MINERS

THE PRIME Minister yesterday told miners' leaders that the Government will honour its commitment to coal industry expansion but that it would not be prepared to finance a big pay rise this year. Back Page

Proposals for a standing commission on public sector pay have been endorsed by the TUC's finance and general purposes committee and will go to the general council tomorrow. Page 9. Effects of civil servants' strike, Page 26

Sterling at peak for year

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING ROSE last night to its highest level against the currencies of its major trading competitors since the middle of last March.

The trade-weighted index, an average of the pound's value against a basket of other currencies, rose by 0.3 to 64.2. This represents a rise of 1.4 per cent in the last month and marks a significant break from the recent range of 63 to 64.

The appreciation yesterday was principally the result of the strength of the pound against a weak dollar, with a rise of 90 points to $2.0210.

But sterling was also firm, *as it has been in recent* weeks against the main Continental currencies, such as the D-mark, as well as against the Japanese yen.

The latest burst of support for the pound appears to be partly linked with reports of foreign buying of gilt-edged stocks in the last 10 days on the grounds that UK interest rates now offer an attractive margin above comparable returns in the rest of the world.

£ in New York	Feb. 26	Previous
Spot	$2.0185-0145	$2.0100-0110
1 month	0.42-0.38 dis	0.44-0.40 dis
3 months	0.92-0.87 dis	1.02-0.96 dis
12 months	3.25-2.95 dis	3.55-3.35 dis

Chrysler fourth-quarter profit

BY JOHN WYLES IN NEW YORK

CHRYSLER CORPORATION returned a profit in the final three months of last year which helped cut its 1978 deficit to $204.6m after four successive loss-making quarters.

The deficit, the company's second highest in the past 10 years, was broadly in line with expectations. It was disclosed in a statement issued by Mr. John J. Riccardo, Chrysler's chairman, and Mr. Lee Iacocca, recently appointed president.

They acknowledged "the clear obstacles we face," but emphasised the steps taken to *strengthen the company by* disposing of overseas assets and improving its balance sheet "through a series of innovative financial moves."

The overseas companies recently sold in Europe to Peugeot Citroen and in Venezuela and Columbia to General Motors earned $29.4m last year. Other foreign operations owned wholly or in part by Chrysler in Brazil, Australia, Mexico, South Africa and Argentina, contributed $24.1m in earnings.

The North American base, however, remains a clear problem in spite of the company's $43.2m fourth quarter earnings on world sales of $4bn. Chrysler car sales in 1978 fell 7.3 per cent to 1.428m in North America with the U.S. market share falling from 12 per cent to 11.1 per cent. Lorry sales rose 3.6 per cent to 536,610, but market share in the U.S. fell from 12.8 per cent to 11.9 per cent.

After subtracting the European and South American operations which have been divested, Chrysler's world sales rose from $13.1bn to $13.6bn last year. But the 1978 loss contrasted with a $163.2m ($2.71 per share) profit in 1977.

Chrysler has indicated recently that it expects to make a profit in the current quarter. Most analysts, however, predict another heavy loss this year, with estimates ranging from $150m to $300m.

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FEATURES

For latest Share Index 'phone 01-246 8026

Spanish Foreign Minister fights to win a seat

Campaigning at arm's length

BY DAVID GARDNER, RECENTLY IN SAN SEBASTIAN

GUIPUZCOA, the part of Spain tucked up against the French border, is a Basque nationalist stronghold. With its capital San Sebastian, it is a strong base for the guerrilla organisation ETA and the radical nationalist Left or "Abertzales."

To try to win it for the Government the Spanish Foreign Minister, Sr. Marcelino Oreja, is carrying the flag of the ruling Union of the Democratic Centre (UCD). His hopes must, realistically, be slim. A more likely winner is Sr. Telesforo Monzon, now 74, and one-time Interior Minister in the Civil War Basque Government. He is in jail pending charges of "apology for terrorism" but will almost certainly be elected on the ticket of the Herri Batasuna (Popular Unity) coalition whose support is linked to ETA's military wing.

Sr. Monzon, a poet and charismatic figure among the Basques, was jailed three weeks ago after Abertzale and other radical parties organised sit-ins to protest against the French Government's handing-over of seven alleged ETA members to the Spanish authorities, and the deportation of 17 others to Valensoles in the French Alps.

This followed a well-publicised visit to Paris by Sr. Oreja, who handed a dossier on 127 alleged ETA members living in France to the French Foreign Ministry.

Not surprisingly, therefore, Sr. Oreja has declined to hold public meetings in Guipuzcoa during the three-week campaign, and his whereabouts in San Sebastian are a closely guarded secret.

The UCD has instead covered almost all San Sebastian's buyable advertising space with Sr. Oreja's amiable features, appealing for the vote of Basques who want "to put things right." This is supplemented by a massive fly-posting campaign carried out by a publicity agency. But whereas most of the paid space is out of reach, on bill-boards and swinging from the tops of lamp-posts, a good three-quarters of the wall posters are torn down each day.

Sr. Oreja has also resorted to the Press conference, but the local Press is proving increasingly reluctant to be used as a vehicle for election speeches delivered privately to its journalists.

But the UCD is the Government and the Government controls television. The Madrid liberal daily El Pais has calculated that in the first half of the election campaign, UCD candidates have been on-screen during the three daily news bulletins for 77 minutes and three seconds, against a mere eight seconds for the Socialists (PSOE), the main opposition party.

Nearly half of this attention has been lavished on Sr. Oreja. In the week prior to the election campaign, Sr. Oreja was the public figure given most time on the air, pipped only the Ayatollah Khomeini, and just ahead of Barcelona football club's Austrian striker Krankl, the Spanish league's leading goalscorer.

The PSOE and the mainstream Basque nationalist party (PNV), with three seats each out of the seven on offer in 1977, are nevertheless optimistic. The PNV has topped its lists with Sr. Javier Arzallus, a fiery ex-Jesuit whom the Socialists are privately labelling the "nationalist Ayatollah." It believes it can win four seats this time round.

The Socialists have put at the top of their list Sr. Enrique Mugica, the party's number three and a likely Interior Minister in the event of a Socialist victory.

Sr. Mugica is the PSOE's most determined social democrat. Though a Basque himself, his unremitting defence of the "indissoluble unity of Spain," and his frequent eulogies of the armed forces and paramilitary security forces have won him enemies across the spectrum of

Sr. Marcellino Oreja: his whereabouts in San Sebastian kept secret

Basque nationalism and inside the Basque federation of his own party.

Shortly before the campaign began, he took part in a televised debate on terrorism with the present Interior Minister, Sr. Martin Villa, Sr. Mugica centred his opposition to Government policy on whether trainee policemen were allowed 50 practice cartridges — his thesis—or, as Sr. Martin Villa claimed, 500 cartridges.

With some 13,000 para-military police on the streets of the Basque country, daily arrests and the alleged recurrence of torture in Basque police stations, this is not the stuff of which Basque votes for the PSOE are made. Sr. Mugica's first public meeting in Guipuzcoa was attacked by several hundred enraged Abertzales. A meeting in Tolosa at which Sr. Mugica was the main speaker drew little over 100 people, mostly pensioners. Tolosa is exactly the sort of medium-sized industrial town with which Guipuzcoa is dotted, and where the PSOE won most of its votes in 1977.

Most attention in Guipuzcoa is, therefore, centred on the two Abertzale coalitions, Herri Batasuna and Euzkadiko Ezkerra (Basque left). Last December's referendum on the new constitution produced over 50 per cent abstentions and over 20 per cent in "No" votes. The latter was interpreted as hard-core Abertzale support.

The division of this vote is likely to reduce its effectiveness, but in 1977, the still illegal Euzkadico Ezkerra, supported by the other ETA faction, ETA (Politico-Militar), won a seat in Congress and the Senate in spite of an active abstention campaign by what is now Herri Batasuna.

Herri Batasuna is drawing by far the biggest crowds, and the two coalitions will almost certainly hold the seat they have. If Herri Batasuna manages to elect one or even two deputies plus a Senator who will not in any case take their seats in Parliament, it will represent a vote for ETA's military wing and independence. The Government will be left with a homeless Foreign Minister, an imprisoned Deputy, and a crushing setback for its policies in the Basque country.

Pay accord in Dutch construction industry

By Charles Batchelor in Amsterdam

ANOTHER IMPORTANT group of Dutch workers — 390,000 in the building trade — has reached agreement on a 1979 wage contract.

After earlier deadlock, the latest round of talks resulted in agreement by the employers to improvements in several fringe benefits. These are estimated by the building unions to be the equivalent of a wage rise of just under 1 per cent, on top of the compensation for price rises.

Earlier this month, 50,000 print industry workers became the first major group of workers to agree their wage contract.

The employers will allow early retirement to start at 62 years of age compared with the previous lower limit of 63. Holiday entitlement will rise by one day to 23 days and the holiday bonus will be increased slightly.

Building workers will also receive an extra Fl 10 (£2.50) a day if bad weather halts activity in the industry for longer than 12 days. This measure will be back-dated to include the cold spell which has stopped work on building sites for the past two months. It is expected to cost Fl 50m (£12.5m) this winter alone.

The unions dropped their demands for a flat rate increase of Fl 20 a month and for the consolidation into the basic wage of bonus payments worth 10 per cent. The demand for a 35-hour working week being pressed by unions in some sectors of industry was not an issue in either the building or the printing industry.

It is under discussion, however, in the heavy metal industry where talks resumed yesterday.

German growth forecast to slow down after 1980

BY ADRIAN DICKS IN BONN

WEST GERMANY will experience a further increase in real living standards of about 20 per cent between now and 1983, and should also see a flattening out of the rate of real gross national product growth to around 3 per cent a year by the same date. These are two of the conclusions of a medium-term forecast published by the Dresdner Bank.

According to the bank's experts, growth this year and in 1980 should reach about 4 per cent—the same figure that the West German Government has forecast for 1979. The Dresdner Bank does not anticipate any perceptible impact from current events in Iran.

In 1981, however, the bank believes West German growth will slow to no more than 2 per cent because of cyclical decline in the building sector and stock building, which it expects to have reached a peak the previous year.

If the bank is correct in this forecast, which it stresses should not be interpreted as a return to actual recession conditions, the unemployment rate is likely to increase again in 1981 and to oblige the Government to introduce fresh tax relief measures. On that assumption, the bank's economists expect a return to a growth rate of 3 per cent in 1982.

The bank's model suggests that average growth in the period 1979-83 will be about 3.2 per cent. This is well short of the 4 per cent commonly assumed by official economists to be the minimum needed to dent the average 1m unemployed with which West Germany has been burdened for the past five years. In addition, the five years up to 1983 are expected to see a rapid rise in the number of school-leavers entering the labour market, thanks to a post-war "baby boom" that occurred later in West Germany than in other West European countries.

However, the Dresdner Bank experts believe that the slowing down of growth rates in the 1970s, as compared to the 1950s and 1960s, has levelled off and that average GNP growth will stay at about 3 per cent a year. Such a development, coupled with the forecast 2 per cent annual decline in the total population, would imply an increase of 3.5 per cent a year in real GNP per head, or rather faster than the average 3.2 per cent achieved between 1960 and 1978.

Over the five-year period up to 1983, this would imply an increase of 20 per cent in average real living standards. The bank concludes drily that "in view of the high starting point already achieved, the perspectives that open up for living standards in the federal republic are quite favourable."

Meanwhile, the IFO Institute of Munich has reported, on the strength of a survey of companies last year, that the wish to save on wages and salaries is an increasingly important motive for West German investment abroad, although the wish to be closer to major markets is still the most common single reason.

According to the IFO survey, smaller companies are especially aware of the wage savings to be achieved abroad. Surprisingly, the wish to avoid exchange rate difficulties remains only in fifth place among the reasons stated, although relatively more important than in the past.

TURKEY'S TWO-MONTH EXTENSION OF MARTIAL LAW

Violence continues despite clampdown

BY METIN MUNIR IN ANKARA

THE CONTINUED threat of further political violence in Turkey guaranteed the safe passage through parliament this weekend of a two-month extension of martial law. But Mr. Bulent Ecevit, the Prime Minister, did not get the measure through without taking a severe hammering from the opposition who called for stricter controls than those of Mr. Ecevit's so-called "martial law with a human face."

The Prime Minister called in the army in December last year after more than 100 people died in the worst case of civil disorder in Turkey's modern history. The Government was afraid that political violence was getting out of control and placed 13 of the country's 67 provinces, including Ankara, Istanbul and Izmir, under martial law. With sporadic outbursts of political violence occurring even with martial law it is likely Mr. Ecevit will need to keep the army in place for the foreseeable future.

A number of extreme Left and Right-wing organisations, newspapers and periodicals have been shut down including Kurdish separatist magazines and two politicised police organisations and there have been arrests and trials by military tribunals. But martial law has not been able to get to the root of terrorism or contain it.

Prime Minister Ecevit and his generals get together regularly to review progress and check against abuses. An assistant professor who was taken into custody during Mr. Ecevit's absence from the country was released on Mr. Ecevit's orders, upon his return.

The Right-wing opposition parties have reacted sharply to these get-togethers which they see as unnecessary meddling by Mr. Ecevit. These parties, particularly Mr. Alparlan Turkes's ultra Right-wing Nationalist Action Party (NAP), would like the army to have a free hand. Mr. Turkes also wants to extend martial law to other provinces, including a number occupied by the large Kurdish minority, which have been kept out of the martial law zones in order to prevent friction.

Mr. Suleyman Demirel, former Prime Minister and chairman of the main opposition Justice Party said: "The Prime Minister has made a mess of everything. He is now trying to make a mess of martial law."

It was the weakness of the civilian tools of authority which forced Mr. Ecevit, even before martial law, to bring in the army in the form of the gendarmarie to help maintain law and order in the cities. There is a gendarmarie private in front of every single bank branch in Istanbul. The gendarmarie, which is a part of the army but under the orders of the Interior Minister, is also doing police work in many other urban or sensitive regions.

It seems certain that until the police force's efficiency is raised—something for the medium or even the long run—the Turkish government will be obliged to resort to help from the army to maintain law and order.

Political violence has nonetheless been a part of Turkish life for nearly a decade. Student agitation bred an extreme left-wing guerilla movement in 1970-71 fighting to overthrow the government of Mr. Suleyman Demirel. Mr. Demirel was overthrown by the army which proceeded to wipe out the guerrilla movement.

Once the Left-wing was brought to its knees under martial law post-1971, the extreme Right filled the vacuum.

But the violence was and is fed by other factors: inflation running at 70 per cent, unemployment, sectarian and racial differences involving the Alawis and the Kurds which are fanned by the extreme currents for ideological ends.

But the prospects for Mr. Ecevit—or any other politician—to eradicate terrorism in Turkey in the short or even medium term appear bleak. The police force is highly politicised, split between Right and Left-wing factions. The same is true of the intelligence organisation MIT which Mr. Ecevit is trying to reorganise after purging the extreme Right-wing elements.

Mr. Suleyman Demirel: "Prime Minister's trying to make a mess of martial law."

What is probably the most important question mark over the whole dark picture is whether Mr. Ecevit or even Turkish democracy may survive the onslaught of terrorism. The murder of Mr. Abdi Ipekci, Turkey's most prominent newspaper editor earlier this month in Istanbul, proved to a shocked nation that terrorism was continuing despite martial law.

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French industry expects better business climate

BY TERRY DODSWORTH IN PARIS

FRENCH industrialists are displaying increasing confidence that the present steady improvement in the business climate can be sustained well into this year, according to results of two recent surveys.

These reports will come as welcome relief to the Government at a time of increasing concern that industrial unrest in the steel industry could spill over into a general reaction against its present policy of tight economic management. The surveys show that order books are holding up both at home and abroad and output is picking up steadily.

A further hopeful sign is that the number of bankruptcies, running at a high level last year, has also begun to fall. INSEE, the national statistical office, comments that the improvement in the bankrupty total is particularly marked in manufacturing industry, except in the metal-working sector.

In another survey, INSEE says that industry has now geared up to meet higher demand after a year in which there was a general shortfall in production. The recovery is particularly evident in the capital goods field where the outlook indicates that growth will be well sustained in the foreseeable future.

On the consumer goods side, the improvement in textile and clothing output contrasts with an unexpected slow-down in the vehicle sector. But demand has looked up overseas after a period in which the main pressure was coming from domestic orders.

These results bear out the conclusions of an earlier business poll by the Sofres organisation, which drew the comment from M. Francois Ceyrac, the head of the French employers' association, that the trend in industry was clearly improving.

The most worrying features at present are the failure of business in general to improve its rate of investment and the impact on prices which is being made by the increase in the cost of energy.

On the retail prices side, there was an unexpectedly high rise in the rate of increase in January, when it went up by 0.9 per cent against 0.5 per cent in November and December. The administration, however, is stressing the seasonal factors in these increases, and is showing little sign of being deflected from its present policies, which are based on a prospective inflation rate for the year of 8.5 per cent.

The INSEE survey gives some support to this position, with the indication that businessmen are expecting more moderate price increases this year than last.

Longwy siege denounced

BY TERRY DODSWORTH IN PARIS

VIOLENCE which broke out in the Lorraine steel town of Longwy at the weekend, when workers besieged the police station for three hours, has been denounced by union officials as a minority action.

But the unions are preparing to intensify their campaign against cuts in the steel industry by means of strikes and symbolic marches.

The union leaders are clearly worried by events at Longwy where there are indications of involvement by activists from outside the ranks of the steelworkers. The leadership now seems to be ready to enter the main fight against steel reorganisation. On Sunday, when 2,000 people demonstrated silently in Longwy, they succeeded in their first objective of bringing peace to the streets.

The strategy to be followed over the next few weeks will probably be laid down at a meeting of union leaders today. M. Jacques Chereque, secretary-general of the metal-workers section of the CFDT, the left-wing union, will be putting forward a proposal for a 48-hour strike, probably to coincide with marches on Paris.

The unions have been promised meetings with the new steel company managements who are responsible for restructuring the industry. These talks will be critical to the development of the crisis in the next few weeks, because the unions want fundamental changes in the plans while the managers insist that the measures are essential.

The Government insists that it cannot interfere in the management of the companies although it is ready to help with social assistance. Its provisions so far offer early retirement or safeguarded employment for everyone in the industry to the end of 1980.

Communist stand eased in Italy crisis

By Paul Betts in Rome

THE ITALIAN Communist Party, which last month brought down the minority Christian Democrat Government of Sig. Giulio Andreotti, has softened its line on demands for direct participation in any new government.

Following week-end talks with Sig. Ugo La Malfa, the Prime Minister-designate and a Republican, the Communist Party indicated it was willing to compromise to the extent of dropping its insistence on posts in the Cabinet in any new Administration.

This is the most significant result of Sig. La Malfa's preliminary all-party consultations. The veteran Republican leader was asked to try to form a Government after Sig. Andreotti failed earlier this month.

The softer Communist stand reflects the fact that Sig. La Malfa is the first non-Christian Democrat politician to be asked to form an Italian Government since the war. It can also be seen as a tactical move on the part of the Communists in that the choice of Sig. La Malfa has visibly embarrassed the long-ruling Christian Democrats.

The latter face a dilemma in that they do not want to be blamed for sabotaging Sig. La Malfa's attempts to form a Government, thus opening the way to an early general election. For any party to be directly blamed for provoking an early election has traditionally been regarded as an important electoral handicap.

But the Christian Democrats are clearly reluctant to see their influence eroded by a coalition government led for the first time by a member of another party, and they will doubtless try to thwart Sig. La Malfa's efforts covertly.

Although the greater willingness of the Communist Party to reach agreement with Sig. La Malfa has increased his chances, the odds still appear heavily against him. This is in view of the continuing deadlock between the two main parties, with the Christian Democrats firmly opposed to any agreement which would enhance the presence of the Communists in government.

As for the Communists, the party, which holds its key national congress next month, can hardly step back too openly from its earlier firm stand on a direct role in government since this would have repercussions on the party's more militant Left-wing.

Sig. La Malfa, who starts a second round of consultations later this week, has himself said his chances of success appear slender. Should he fail, the most likely result would be an early election.

Lines drawn in EEC duty free row

BY GILES MERRITT IN BRUSSELS

"KILLJOY" is probably the kindest thing people will be calling us," admitted one Eurocrat at the European Commission in Brussels. He was referring to the strong move, to be discussed at next week's Commission meeting, to abolish duty-free allowances inside the EEC. "Frankly," he added, "it is political dynamite."

The need to remove the tax anomolies of the duty free allowances to travellers has been a tenet of EEC faith in fiscal harmonisation for over a decade. But it is also one of the few issues readily understandable to most adults in the Nine. The allowances vary from state to state, and are sometime negligible. But the debate contains the ingredients of a first-class European row.

Inside the Commission, the battlelines are already drawn. At the head of the movement to close duty free shops to travellers within the Community is Viscount Etienne Davignon, Industry Commissioner, whose responsibilities include the cutoms union.

When the 13-man Commission meets on March 7, he will argue for the end of the shops as a vital step towards the abolition of fiscal frontiers. He will also point out that the system was originally devised to protect passengers against paying duty on goods twice, but now results in it being paid not at all.

Opposing this view is his fellow Commissioner, Mr. Richard Burke, whose brief covers taxation and transport. He is preparing a paper that concedes the "theoretical desirability" of duty frees abolition but stresses the political minefield the Commission could face.

For Viscount Davignon and the abolitionists the ideal outcome of the meeting would be a vote phasing out the system so that special concessions would apply only to those travelling into or out of the EEC. More likely, though, is a classic Brussels gambit in which the issue would be made the subject of a lengthy official investigation.

Such a probe would postpone the matter for some time, even though much of the work has already been done. Towards the end of last year some European airport authorities, duty-free shop operators and airlines were questioned by Commission officials on the effects of abolition. Their reactions are understood to have been generally negative.

IRI, the Italian state-holdings umbrella which covers, for example, both Rome airport and Alitalia, made it plain that lost revenue from duty-free sales would have to be made up by increased fares.

One calculation voiced in several countries is that intra-EEC air fares could rise by 10-15 per cent. The picture changes from country to country, for while 45 per cent of Copenhagen's duty-free profits go directly to the Danish Government, the administration in France and Belgium derive little financial advantage.

In some countries the disparity between local and duty free tobacco prices is such that trade organisations have threatened to take the Commission before the European Court if it does not close the shops.

At the back of many a Eurocrat's mind, however, must be the threat to their own tax allowances, should the duty-free perks go. These include shopping at the subsidised "Economat" store, petrol vouchers for senior officials and a twice-yearly entitlement of £30 worth of cheap liquor.

Not much, it might be argued, except that the Eurocrats can buy gin at £1.60 a litre.

Romania seeks replacement for Iranian oil

By Our Vienna Correspondent

ROMANIA, THE East bloc country worst hit by the lack of Iranian oil, has told its envoys in the Middle East to find alternative supplies to make up for the 5.5m tons of crude it imported from Iran each year.

The ambassador to Kuwait, Mr. C. Caruntu, has confirmed that Romania is seeking 3m tons of crude annually from Saudi Arabia, a country with which Bucharest has no diplomatic relations. Romania has been buying crude primarily from Iran and to a lesser extent from Iraq, Kuwait and Libya.

Although Romania is the second largest oil producer in the Soviet bloc, domestic output has been steadily declining. Last year at 13.7m tons, it fell by 6 per cent compared with 1977.

Bulgaria denies Soviet build-up

BY PAUL LENDVAI IN VIENNA

BULGARIA HAS firmly denied reports, apparently originating in Belgrade, about the alleged transfer of Soviet troops to Bulgaria. The reports, also circulating in Bucharest and Sofia for two weeks, have suggested that two or three Soviet motorised infantry divisions and two squadrons of MIG 23 fighter aircraft have moved to Bulgaria.

The official Bulgarian news agency, BTA, said yesterday that it could issue an explicit denial of the "groundless and ill-intentioned" speculation. It added that such slanders have been fabricated in the past and have always been refuted by the facts.

Bulgaria is a staunch ally of the Soviet Union, but apart from an undisclosed number of Soviet advisers, no Soviet troops have been officially stationed in Bulgaria. The claims about Soviet divisions in the strategically important Balkan country, bordering on Romania and non-aligned Yugoslavia reflect a growing sense of nervousness in the area.

Both the Romanians and the Yugoslavs have taken an independent line on the war in Indo China. They implicitly link the invasion of Vietnam by China with the invasion of Cambodia by Vietnam.

Meanwhile, Western diplomats are sceptical about the original suggestions of a large Soviet military presence in Bulgaria. However, it is reported that military manoeuvres are going to take place, though there is no conclusive evidence that Soviet troops will participate. Even if Soviet troops were to take part, it would "not be on such a scale as three divisions," a Western diplomat said.

Some observers do not exclude the possibility that the suggestions were launched in Belgrade. Officials have expressed concern privately over the potential military and strategic significance of the world's most modern and largest ferry line inaugurated last November between the Soviet Union and Bulgaria. Each of the four boats operating the line are capable of transporting about 150 battle tanks and the line by-passes Romania.

Mr. Brezhnev's recent trip to Sofia also contributes to the nervousness of the Balkan capitals.

The last full scale Soviet-Bulgarian military manoeuvres were held ten years ago. Since then only staff exercises have been held on Bulgarian territory.

Denmark's pay impasse may force early polls

By Hilary Barnes in Copenhagen

MR. ANKER JOERGENSEN, Denmark's Social Democratic Prime Minister, admitted yesterday that his Social Democrat-Liberal coalition might break up because of difficulties posed by collective wage negotiations between the Danish TUC and the employers' federation.

But he added: "This would be a foolish outcome. What we want is solutions, not an election and British conditions."

The negotiations have reached a critical stage. The two sides were meeting the official mediator yesterday amid expectations that they would reach an impasse and that the employers would today give notice of a comprehensive lock-out from March 7.

The TUC has given preliminary notice of a strike by dock and transport workers on March 12.

The conflict can be postponed for two periods, each of 14 days, by the mediator.

The Prime Minister is under pressure from his Liberal Cabinet colleagues and from the TUC and its supporters in the Cabinet and the Social Democratic Party.

Mr. Sven Auken, the Labour Minister, and the TUC have produced a paper outlining a possible solution involving wage increases of about 8½ per cent a year and establishment of a DKr 10bn investment fund. The fund would be controlled by the union movement and would be financed partly from corporate profits.

The proposal is not the official policy of the Government or the Social Democratic Party, but if something similar does not emerge from the negotiations, Mr. Joergensen may face a revolt in the Social Democratic parliamentary group, which would force him to call an election.

WALDHEIM'S PEACE PLAN FOR NAMIBIA

Ceasefire called for March 15

BY OUR UN CORRESPONDENT

DR. KURT WALDHEIM, the UN Secretary-General, yesterday set March 15 as the date for a ceasefire to go into effect in Namibia (South-West Africa) and for the start of UN supervision of Namibia's transition to independence. Dr. Waldheim did not, however, set a date for pre-independence elections.

In a report to the Security Council, Dr. Waldheim also made suggestions for overcoming differences between the South African Government and the South-West Africa People's Organisation (SWAPO) guerrillas.

South Africa has said the elections should take place, under UN supervision and control, no later than September 30. The settlement plan drafted by Britain, France, the U.S., West Germany and Canada allows a seven-month delay between the start of the UN operation and polling day.

On the question of the return of Namibians now outside their country, Dr. Waldheim said the South African Government agreed that they be allowed to participate fully and freely in the elections without risk of arrest, detention, intimidation or imprisonment. He would take all measures to ensure this was scrupulously observed.

Mr. Poul Hartling, the UN High Commissioner for Refugees, would establish entry points, reception centres and transit facilities, and ensure that returning Namibians were free to settle where they wished. Any other arrangements would be contrary to the guarantee of full freedom and movement, the Secretary-General noted.

Without referring to the reported demand by Mr. Sam Nujoma, the SWAPO President, that 2,500 of his men be allowed to return bearing arms, Dr. Waldheim said the provision in the agreement for the repatriation of SWAPO adherents meant this should take place "without arms or other military equipment." Should anyone try to return under arms, "such items would be placed under United Nations control."

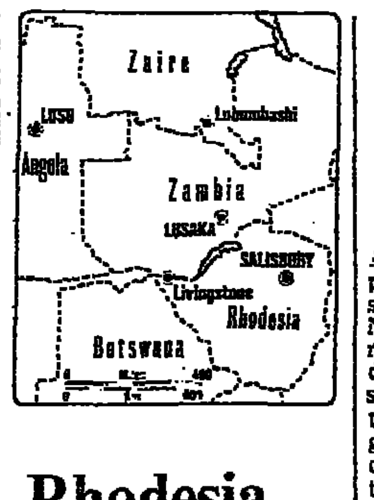
At the same time as all hostile acts ceased, the South African defence force and SWAPO armed forces would be restricted to base, including, in SWAPO's case, those of its forces in neighbouring countries.

South Africa asked the UN to monitor these bases, saying this was its understanding of the agreement. Quoting from the accord, Dr. Waldheim said that neighbouring countries should be asked to afford necessary facilities to Mr. Martti Ahtisaari, the special UN Representative, and to all UN personnel to carry out their functions.

Britain is expected to provide a signals unit. The South Africans have raised objections to several other nationalities, including, it is understood, a proposed Finnish contingent. Finnish missionaries in Namibia are said to have encouraged the black nationalist movement.

On the status of UNTAG, agreement now had been reached on most of its provisions, Dr. Waldheim reported.

The Secretary-General noted that the operation was expected to last a year, depending on the date for Namibian nationhood decided by the Constituent Assembly. When the plan was unveiled last year, he estimated it would cost $300m for the 7,500 troops and more than 1,200 UN civilian officials, but inflation is expected to increase that figure.



Rhodesia hits ZIPRA base in Angola

By Tony Hawkins in Salisbury

IN ITS deepest air strike so far into Black Africa, the Rhodesian air force bombed a large ZIPRA guerrilla base inside Angola early yesterday. It was the first time that the Rhodesians have carried the war into Angola, with previous trans-border raids having been confined to Zambia, Mozambique and, on a far lesser scale, Botswana.

A brief communique issued here said that on Monday morning Rhodesian Air Force aircraft had successfully attacked a "very large" ZIPRA "terrorist" training base in Angola across the Zambian border. "All aircraft returned safely to base."

It was the fourth cross-border sortie in ten days following attacks upon ZIPRA bases near Lusaka last Friday and near Livingstone the previous weekend. Last month the Rhodesian air force bombed a Zanla storage base in the Chimoio area of Mozambique.

Informed sources said that the camp attacked was close to the eastern Angolan town of Luso about 185 miles from Angola's eastern border with Zambia and more than 600 miles from the Rhodesian border.

The Rhodesians are now increasingly carrying the war into the neighbouring Black states in an effort to pre-empt the anticipated guerrilla offensive designed to disrupt the one man one vote elections in April.

Military sources said the Luso camp was used to train ZIPRA guerrillas before sending them to Zambia en route to Rhodesia. The training in Luso is understood to be conducted by Cuban, Soviet and East German instructors.

Rhodesia has now announced 18 major raids into neighbouring Black states in the past three years.

● Britain yesterday warned that "all-out war" could engulf southern Africa unless Rhodesia's forces and black guerrillas stopped widening their conflict.

Rand allowed to float

By Quentin Peel in Johannesburg

THE South African rand is to be floated on foreign exchange markets from today but will be subject to intervention by the South African Reserve Bank, Senator Owen Horwood, the Minister of Finance, announced in Parliament yesterday.

The "managed float," heralded last month by the De Kock Commission, could mean a gradual devaluation of the rand against most currencies, although Senator Horwood said he did not expect much change from the present rand-dollar rate "at this stage."

The new system has been introduced with a suddenness which has taken most banks by surprise. Only a month ago the Reserve Bank fixed its own buying and selling rates, and allowed commercial banks to set their own rates within those limits. Under the new system, the Reserve Bank will not quote a daily price.

The move follows two small revaluations announced by the Reserve Bank since the publication of the De Kock report—from $1.15 to $1.17 to the rand, and then to $1.18. The moves have helped stabilise the market and encouraged exporters to take out forward cover.

Senator Horwood coupled his announcement with a promise of further measures to stimulate the economy following the severe setback of last week's 20 per cent fuel price increase. He said that the managed float would enable the Government to embark on more expansionary measures without worrying about its foreign exchange reserves.

He also promised action on two related areas: a relaxation of the Reserve Bank scrutiny of all users of the financial rand intended to encourage foreign investors to bring their money into the country at a discount; and measures to allow the proceeds of Krugerrand and diamond sales to be channelled through commercial dealers rather than the Reserve Bank, to counteract the persistent foreign currency shortage in the local market.

Without such action the downward pressure on the rand could be very strong, and yet unrelated to the underlying economic situation.

The Minister said he believed the new system would discourage speculation, and eliminate the danger of a large devaluation.

It should enable some relaxation of exchange control, and he promised to consider the De Kock Commission recommendation that South African residents should be allowed to take their money out of the country through the discounted financial rand market.

Israeli Cabinet to decide if Begin will attend summit without Sadat

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Cabinet will have to decide today whether Mr. Menachem Begin, the Prime Minister, should accept President Jimmy Carter's invitation to a new Middle East "summit" at Camp David together with Mr. Mustapha Khalil, the Egyptian Prime Minister.

A number of ministers said privately that they believed Mr. Begin should refuse to attend in the absence of President Anwar Sadat of Egypt.

A heated debate is expected in today's special cabinet meeting, as some ministers believe the "summit" is designed primarily to apply pressure on Mr. Begin to make further concessions in the peace talks.

The parliamentary leadership of Mr. Begin's own Likud block, yesterday narrowly defeated a move by some members to table a Knesset motion calling on the Premier not to accept the "imperial summons" to Camp David.

The opponents argue that it is "degrading" for the leader of Israel to go to a summit which the Egyptian president has refused to attend.

But most ministers and Knesset members preferred to reserve judgment until they hear the Cabinet report by Mr. Moshe Dayan, the Foreign Minister, on the talks which he held in Washington with Mr. Khalil and Mr. Cyrus Vance, the U.S. Secretary of State.

Mr. Begin told visiting journalists that while in Israel no one is indispensable, in Egypt President Sadat takes most of the decisions. But, as though indicating that he might nonetheless attend the summit, he added that the problem in the peace talks lay between countries and not individuals.

There was confusion in Israel yesterday whether the summit, variously dubbed Camp David Three or the poor man's summit, was the result of progress in the Dayan-Khalil talks, or because only a meeting at heads-of-state level could break the continuing deadlock.

While optimistic sounds emanated from Washington, officials in Jerusalem sounded less hopeful and would only say that while no progress had been made on the key issues, neither had there been any back-sliding.

There also appeared to be no clear idea in Jerusalem why President Sadat had designated Premier Khalil instead of attending himself. Few officials were impressed by the U.S. contention that Mr. Khalil was empowered to act for the Egyptian President.

Fuel prices in Israel were raised by 32 per cent yesterday, with petrol up by 39 per cent, L. Daniel writes from Tel Aviv.

The price of gas for cooking and heating as well as electricity for homes and industry is also up. This alone will raise the consumer price index by 3 per cent. It has already been announced that rates on property will rise by between 50-100 per cent, phone and telex charges by 45 per cent and postal rates by 60 per cent, starting April 1.

Fighting rages in Yemen

BY JAMES BUXTON

SERIOUS fighting raged on the border of North and South Yemen yesterday. The National Democratic Front, a North Yemeni opposition group which is backed by South Yemen, announced on Aden radio that its forces were advancing towards North Yemeni military positions inside North Yemen.

The border fighting, which some observers believe could develop into a major offensive against the North Yemen government, poses a major threat to Saudi Arabia. The Saudi government sees North Yemen as a conservative bulwark against the Marxist government of South Yemen and deeply fears a single, united left-wing Yemen.

The North Yemen government has accused South Yemeni regular forces of launching an attack across the border and has called for an emergency session of the Arab League. South Yemen has said that the current round of fighting, which began last week, was initiated by North Yemen.

The National Democratic Front said that it captured the North Yemeni border towns of Qatabah and Bayda on Sunday and North Yemen has confirmed that part of these towns has been evacuated. The NDF also said that fierce fighting was going on in the Alwazia region 60 kms southwest of the North Yemeni city of Taiz. The communique said that several army centres in this area had been captured, with heavy losses to the North Yemeni troops.

The National Democratic Front is a combination of left wing opposition groups opposed to the North Yemeni regime of President Ali Abdullah Saleh. It is allied with a group of former North Yemeni army officers known as the June Thirteenth Movement, who were believed to be behind an abortive coup against President Saleh in Sanaa in October, 1978. They were supporters of an earlier North Yemeni President Ibrahim al Hamdi, who came to power on June 13, 1974 and was murdered in October, 1977.

These opposition groups, which reflect tensions between the people of north and south within North Yemen itself, have the backing of South Yemen. The South Yemeni Government, whose capital is Aden, is pro-Soviet and ideologically far apart from the Government of North Yemen, in Sanaa, which pursues a capitalist economic policy and is closely allied with Saudi Arabia.

Rebels 'control southern Uganda'

UGANDAN exiles said Monday that the garrison town of Mbarara has fallen to forces seeking to topple President Idi Amin, thus giving the Tanzania-based invaders nearly undisputed control over southern Uganda.

The exiles said the administrative centre of Uganda's southern province was taken Sunday morning without resistance. They claimed soldiers from Mbarara's Simba — lion — battalion deserted and helped the anti-Amin forces.

The report from the exiles in Dar es Salaam, the Tanzanian capital, was obtained by telephone. It could not immediately be confirmed.

President Amin conceded late Sunday that he had lost control over the only other major town in southern Uganda — Masaka, 50 miles — north of Tanzania and 80 miles south of Kampala, the Ugandan capital. The Ugandan leader, facing the gravest of repeated assassination and coup attempts during his eight turbulent years of military rule, said the enemy was eight miles from Mbarara. CAP

Sanjay verdict setback for Indira Gandhi

BY K. K. SHARMA IN NEW DELHI

THE BID by Mrs. Gandhi, the former Indian Prime Minister, to stage a political comeback suffered a major setback yesterday when, Sanjay, her son, was convicted in a Delhi court on charges of conspiracy, theft and destruction of stolen property.

The charges relate to the destruction of a film satirising his activities, and those of his mother, during the state of emergency imposed by Mrs. Gandhi in 1975.

Soon after the Congress defeat in the 1977 election, Sanjay announced that he had retired from politics, but it is widely believed that he is his mother's main adviser and that he continues to influence her.

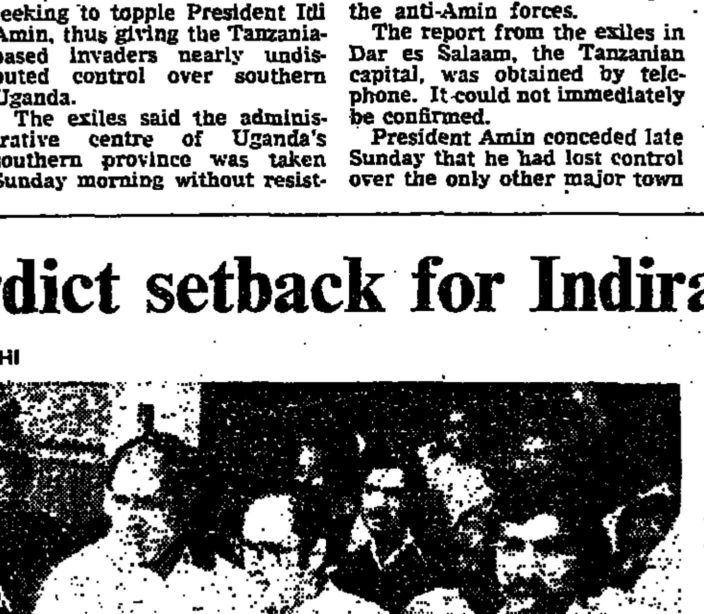
It was largely on his advice that Mrs. Gandhi ordered a state of emergency in June, 1975, and imprisoned thousands of her political rivals. Sanjay's star shone brightly during the 21-month emergency period but since his mother's defeat in 1977 he has spent most of his time in courts contesting cases filed against him.

Many more charges are to be pressed by the Government against Sanjay and Mrs. Gandhi. The former Prime Minister and her son have been held guilty by the Shah Commission which investigated abuses of power during the emergency, and they face prosecutions on a number criminal charges arising from its findings.

Mrs. Gandhi's return to public life is thought to be motivated by her wish to politicise the charges by claiming that the Government is persecuting her for political reasons. In her attempt to do this, she has gained control over the main faction of the Congress party.

But she has been unusually silent for the past few months, particularly after she was sent to jail for a week by Parliament last December for breach of privilege.

Mrs. Gandhi's inability to dissociate herself from her son's sins of commission and omission —she has often defended him in public—is the main reason for her difficulty in regaining her former position.



Friends accompany Sanjay Gandhi, centre, from the courtroom

Her task has become harder now that the ruling Janata Party has become more united and appears determined to press charges against her.

Sanjay and his co-accused, Mr. Vidya Charan Shukla, who was Mrs. Gandhi's Information and Broadcasting Minister, are to be sentenced today. The maximum punishment is 10 years' imprisonment.

Both have been found guilty of conspiring to steal and of destroying the negative and all the prints of the film, Kissa Kursi Ka (The Story of The Chair), made by Mr. Amrit Nehata, a former MP for Mrs. Gandhi's Congress Party.

The charge against him was that he conspired with the Information Minister to have the film destroyed in the premises of the car factory he owned about 30 miles from New Delhi.

Both the accused pleaded not guilty. Last May, Sanjay was imprisoned for a month by the Supreme Court for tampering with evidence in the case, which is the first against a member of Mrs. Gandhi's family to have been completed and ended with a conviction.

Fraser resists demands for explanation of Robinson affair

By James Forth in Sydney

REINSTATEMENT OF Australia's Minister for Finance, Mr. Eric Robinson, three days after he resigned has left many questions unanswered. But there is considerable pressure on Mr. Malcolm Fraser, the Prime Minister, to offer some explanation beyond his two-sentence statement last week which said that Mr. Robinson was unable to give him the "unqualified support you expect as a leader."

The Opposition Labour Party is expected to move a censure motion today. Mr. Fraser is expected to try to head off further questions by making a short statement to Parliament. But he is unlikely to answer questions and will resist opposition demands for a full explanation.

It is widely believed that Mr. Robinson handed Mr. Fraser a three-page letter giving his reasons for resigning. There is also widespread agreement that one of these reasons was dissatisfaction with Mr. Fraser's style of Government, which many Government members concede is autocratic.

It appears that Mr. Robinson was also annoyed at what he regarded as interference by Mr. Fraser in Liberal Party politics in Queensland. Another source of irritation was reported to be Mr. Fraser's use of his departmental staff to contact senior staff in the Department of Finance without first informing Mr. Robinson.

Mr. Robinson's sudden return to office on Sunday is surprising. One obvious conclusion is that he obtained concessions from Mr. Fraser.

Although Mr. Robinson has denied disagreeing with Mr. Fraser on economic policy, many in the business community fear that he left the Ministry because of differences over proposed policies as well as with those already adopted.

Wave of U.S. strikes could heighten anti-union feeling

BY JOHN WYLES IN NEW YORK

A LETTUCE shortage has pushed prices up 40 per cent in some parts of the country, in New York City milk is being rationed and handicapped children ferried to school in a special armada of vehicles, while the New Orleans economy is groaning from the cancellation of Mardi Gras parades, one of the city's greatest tourist attractions.

This catalogue of woes is the result of strikes which have sparked strong and occasionally violent passions in California, where work in many lettuce fields has been halted, and similar fervour in New York City and New Orleans, where the stoppages have claimed many innocent victims.

But anger and concern at these disruptions remains local. The size and diversity of the U.S. militate against any serious national groundswell of resentment against union activities of the kind which has made the question a hot political issue in the UK.

This may change if there is a U.S. truck drivers strike at the end of March because of its probable impact on the distribution of many basic items. But there seems little serious prospect of demands to curb union power. While generally held in low esteem unions are regarded by many as a necessary social evil whose worst excess can be checked by existing laws.

But strikes are not a rare phenomenon. A recent International Labour Office survey disclosed that in selected industries the average number of days lost per 1,000 workers was significantly higher in the U.S. than in the UK and most of the rest of Western Europe and Japan.

Between 1973 and 1977, the average U.S. tally was 1,103 days compared with 704 in the UK, 330 in France, 254 in Japan and 30 in West Germany. In the last three years, the numbers of workers involved in U.S. strikes has ranged between 1.6m and 2.4m and working days lost between 35.8m and 39m.

A potentially ominous signal for the trucking industry negotiations is that the main union involved, the International Brotherhood of Teamsters, is baring its fangs in New Orleans and New York.

The union represents the 1,000 New Orleans policemen whose two-week strike has forced cancellation of the string of Mardi Gras parades which contributes an estimated $200m a year to the city's economy. Some of the parades have been moved to the suburbs, but the tourist influx has been reduced by the cancellations and city hotels have an unusual number of vacancies.

Pay is an issue in New Orleans, as it is in New York, where milk delivery drivers and dairy workers responded to an [illegible] Teamsters at the weekend. This is posing an immediate threat to milk supplies, and supermarkets have started rationing the amount that can be bought.

Far more emotive has been the week-long strike by the city's school-bus drivers over job security. Mayor Edward Koch has refused to apologise for calling the drivers "bastards and goons" after an incident in which vehicles taking emotionally disturbed children to school were attacked by the strikers. Yesterday municipal employees were drafted to drive a flotilla of vehicles to deliver the handicapped children to school.

Violence has also been a feature of the strike by lettuce field workers along the border between Mexico and California. The United Farm Workers Union, which sprang to prominence a few years ago in a bloody battle to organise immigrant workers in the California grape fields, now hit 35 major vegetable growers and shippers in support of demands for higher wages. The union's claim is in direct conflict with the administration's 7 per cent wage guidelines, which is all that the growers have offered.

Alaska pipeline's capacity to rise

BY STEWART FLEMING IN NEW YORK

OIL COMPANIES in the consortium which built the Alaska oil pipeline are expecting to increase its capacity from 1.2m barrels a day (b/d) to 1.35m b/d by the end of this year.

There are growing doubts among the consortium that the Prudhoe Bay fields will be able to produce oil efficiently at 2m b/d, and this has been a factor in negotiations, which have been going on for several months, for a revised agreement between the consortium's members.

Work has started on an auxiliary pumping system which would provide the extra capacity. At present, if pumping stations one, three or four failed, the whole 800-mile system would be out of action. The auxiliary system would prevent this.

There is doubt about whether the auxiliary system should be the [illegible] an official expansion of the pipeline or whether capacity should be added quickly, taking the line to 1.5m b/d.

The eight companies in the consortium — the largest shareholders are the British Petroleum (BP) subsidiary Standard Oil of Ohio, with 33.34 per cent, BP, with 15.84 per cent, Atlantic Richfield, with 21 per cent, and Exxon, with 20 per cent — originally agreed that any expansion should be to 2m b/d.

Now, however, it is being argued that the oil fields' maximum efficient production rate is 1.5m b/d. Hence the discussions about a new agreement to allow a stepped increase.

The signs that the Alaskan fields may not be able to produce efficiently at 2m b/d would appear to be a disappointment to the oil companies, which have been taking healthy profits from Alaska, and to the U.S. which is anxious to reduce its dependence on imported oil.

Caracas raising heavy oil price

BY DAVID LASCELLES IN NEW YORK

A VENEZUELAN decision to raise its heavy fuel oil prices by 15 per cent, if confirmed, would bear particularly heavily on the U.S. and would add to the already high rate of inflation.

Although the Department of Energy would not comment yesterday, officials acknowledged that Venezuela is the largest foreign supplier of residual or heavy oil to the U.S. The fact that heavy oil products were freed from price regulation in July, 1976, means that importers are able to pass the higher cost straight to the consumer.

What proportion they will, in fact, pass on remains to be seen. But with heating oil in short supply, particularly the low-sulphur variety offered by Venezuela, observers believe that the entire increase may be passed on, and certainly more than 10 per cent.

Heavy oil has a strong influence on the U.S. consumer price index since it is used to generate electricity and heat large apartment buildings. Although small buildings and private houses use lighter grades, the tightness of the heating oil market makes it likely that a sharp increase in the price of one grade would be reflected in others.

Since decontrol, the cost of heating fuel has gone up by over 30 per cent, rising in the high-cost New York area to over 55 cents a gallon.

Although there have been suggestions that these sharp increases might provoke a return to price control, this is unlikely because the Administration is trying to encourage conservation by making the public more conscious of the cost of energy.

News of the decision in Caracas comes after last Friday's announcement that U.S. consumer prices rose 0.9 per cent in January. The [illegible] non-food element was energy.

Petroleos Mexicanos (Pemex), the Government oil agency, is expected within days to announce that Mexico's proven oil reserves total 60bn barrels, AP-DJ reports from Mexico City. This would be an increase of almost 20bn barrels from the previous official reserve level of just under 40.2bn announced on December 31.

Frozen assets talks in Peking

BY JOHN ELLIOTT IN PEKING

AN IMPORTANT step towards full normal relations between the U.S. and China was taken in Peking yesterday when negotiations began on ways of freeing assets which have been frozen since the Korean war.

A U.S. team led by Mr. Michael Blumenthal, Secretary of the Treasury, is making a week's visit to China for talks which could lead to a trade deal between the two countries. Mr. Blumenthal's visit was timed to coincide with the planned reopening on Thursday of the U.S. embassy in the Chinese capital.

The U.S. is believed to fear that it is being left behind in the race for contracts in China's industrialisation programme. It is therefore anxious to clear the decks for a major onslaught by solving the complex problems of the frozen assets. These involve about $197m of U.S. private claims against China and about $80m of Chinese assets in the U.S.

The issue has restricted banking, shipping and airline links and exchanges of trade exhibitions because parties on either side would be afraid of having to attach assets and hold them until a claim was settled.

Mr. Blumenthal is also to discuss patents, trade marks, export licensing and the tax treatment of U.S. companies. He will explain that any trade agreement must guarantee that China's textile exports to the U.S. will not increase so quickly as to disrupt U.S. industry and cause serious unemployment.

Chinese membership of the International Monetary Fund and the World Bank may also be discussed. An unofficial group from the World Bank visited Peking two weeks ago and some diplomats believe that China may become a member later this year.

Mr. Blumenthal has also used his visit to underline his country's displeasure at the invasion of Vietnam. At a dinner on Sunday night, he attacked a "transgressor" who would stage even a limited invasion and so risk both a wider war and erode fundamental principles of international conduct.

His statement led to a long speech from a senior Chinese Minister who attempted to justify the invasion by saying it would strengthen stability in south-east Asia and the world.

Governor Brown plays down defeat for 'balanced budget' plan

BY JUREK MARTIN, U.S. EDITOR

GOVERNOR Jerry Brown of California has dismissed as "a temporary setback" last week's vote in his own state legislature sidetracking his proposal to impose a legal requirement on the federal Government to balance the budget.

In a television interview, Governor Brown, the most ardent advocate of a constitutional amendment to balance the budget if Congress fails to act on its own, forecast "a long struggle to bring fiscal responsibility to the country."

Nevertheless, Mr. Brown's defeat on the issue is being interpreted here as a substantial blow to the burgeoning grass-roots movement that favours summoning a constitutional convention to draft a balanced budget amendment.

Under the law, a constitutional amendment may be effected by a two-thirds vote in Congress, followed by ratification by three-quarters of the states, or by holding a convention at the request of two-thirds of the states, again with three-quarters subsequently voting to ratify whatever is proposed.

According to the National Taxpayers Union, a lobbying organisation behind the drive, 28 out of the required 34 states have approved resolutions in favour of a convention, most of them in the last couple of years.

However, opposition to the proposal is also beginning to take powerful shape. President Jimmy Carter and many Republican and Democratic leaders in Congress have criticised the idea of a convention as simplistic and even dangerous. This week Governor Brown is experiencing at first hand what seems to be a marked lack of enthusiasm among his fellow state Governors.

Informal polls at the winter meeting of the national governors conference being held in Washington show a majority opposed to the balanced budget suggestion. This is partly because many governors believe that a casualty would be the $6.7bn a year federal revenue sharing programme, which provides state governments with $2.3bn in payments from Washington.

At its opening session on Sunday, the governors' executive committee resolved that no states currently receiving federal revenue sharing funds should be excluded from the programme in the years ahead.

WORLD TRADE NEWS

ASEAN meeting aims to stimulate EEC investment

BY ANTHONY ROWLEY IN HONG KONG

SEVERAL HUNDRED European businessmen and bankers—mainly from the EEC—began three days of talks here yesterday with their counterparts from the Association of South East Asian Nations (ASEAN). The aim is a substantial increase in European industrial investment in the five-nation SE Asian grouping, which comprises Indonesia, Malaysia, the Philippines, Singapore and Thailand.

The intention, according to the EEC Commission which has organised the mammoth meeting in conjunction with four European banking groups—Abecor, EBIC, Europartners and Inter-Alpha—is to promote "practical and substantive business discussion between participants, largely in private."

The meeting is a follow-up to the first ASEAN/EEC industrial cooperation conference held nearly two years ago in Brussels, since when economic collaboration between the two regional blocs has been evident more in words than in deeds.

Even though EEC trade with SE Asia has been growing, the European group's share of ASEAN markets has been declining, to the point where it is now substantially behind that of Japan and the U.S. The same applies to EEC industrial investment in ASEAN.

Given the heavy preponderance of Japanese investment in Indonesia, and that of the U.S. in several other ASEAN countries, they are anxious for more from the EEC in order partly to even up the balance of power. Indonesia's industry minister, Mr. A. R. Soehoed, noted here yesterday that a "very close correlation exists between the direction, scope and nature of private foreign direct investment and the political relationship between the countries involved."

EEC officials headed by vice-president Mr. Wilhelm Haferkamp, stressed that the emphasis in the current discussions would be on European industrial investment in ASEAN rather than on the potential of SE Asia as a market for European goods.

The ASEAN countries have prepared around 200 projects for this week's conference, which are broken down into a number of main groupings: chemicals, electrical and electronic goods, industrial transformation of agricultural products, machinery and metal engineering industries, timber and timber-based industries, precision engineering, transport and communications and export-crop plantations.

The European industrialists and bankers will discuss these largely in private with ASEAN businessmen. But officials conceded that if any substantive investment projects are identified, there might have to be some horsetrading afterwards at official level within ASEAN over where the investments are located, in order to prevent competitive squabbles.

Soy sauce market seen in Europe

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

KIKKOMAN SHOYU, Japan's largest brewer of Soy Sauce, is to establish a DM 500.000 (£135,000) sales company in West Germany with the ultimate aim of manufacturing its products in Europe a company spokesman said yesterday.

The West German company will actually represent the second phase of Kikkoman's advance into Europe. The first began some two years ago when the company began to establish a chain of restaurants in major German cities.

Kikkoman expects to sell 1,000 kilolitres of soy sauce in Europe this year and to double that figure by 1981. A bottling plant would become economic when European sales reach 3,000 kilolitres with full scale manufacturing following when the 5,000 kilolitre mark is attained.

The choice of a site for manufacturing would depend in part on proximity to sources of raw materials for soy sauce (wheat and soyabeans).

Kikkoman's European market for soy sauce is at present about one tenth the size of the U.S. market for its products. The company established a factory in Wisconsin in 1973 and has seen its North American sales grow by 15 to 20 per cent per year since then.

Iran fuel crisis hits light aircraft

BY JOHN WORRALL IN NAIROBI

THE COLLAPSE of Kenyan light aviation services as a result of the drying up of aviation gasoline from the Abadan refinery in Iran is likely to be repeated in Cyprus, the Sudan, Uganda, Tanzania, Zambia, Malawi, the Indian subcontinent and the Far East.

"It is an international problem and not confined to Kenya," a Shell Kenya spokesman said here. "All countries which have relied on supplies of Avgas 100 II from Abadan are experiencing severe shortages."

Some 200 light piston-engine aircraft in Kenya, mostly owned by charter companies, are expected to be grounded soon. The effect on Kenya tourism is likely to be severe.

The importance of Abadan in the supply of aviation gasoline had been dominant because it was capable of producing at peak times up to 700,000 tons of the spirit.

But in 1977 it produced only 270,000 tons because the market in piston-engine aircraft is in decline.

"Thus it has not proved an economic proposition for the oil industry to build aviation gasoline facilities into other refineries when sophisticated plant at Abadan was under utilised."

Kenya and other countries therefore import Avgas 100 II as a finished product. The Shell group of companies had made every possible attempt to seek alternative sources, said the spokesman, but the refinery at Curacao off Venezuela had no surplus for export.

JAPANESE IMPORT MISSION TO BRITAIN

Hugh Routledge

Mr. Taiichiro Matsuo, President of Marubeni Corporation, who is leading Japan's largest *ever import mission to Britain* at a luncheon given yesterday by the London Chamber of Commerce and Industry and the British Overseas Trade Board at the Savoy Hotel. With Mr. Matsuo is Sir Peter Tennant, president of the London Chamber (on his left) and Mr. Geoffrey Nichols, chairman of the BOTB's Japan Trade Advisory Group.

Mission members began the first day of their official programme, which ends on March 6, with a Press conference at the Department of Trade in London. They later visited the Ulster Office and the CBI.

The five main groups—foodstuffs and consumer goods; textiles and clothing; machinery; inward investment and the mission's leader group — will now follow different specialist itineraries. These will take them to Scotland, Wales, Northern Ireland, Manchester, Birmingham, Leeds, Bradford, Newcastle, the East Midlands, West Country and East Anglia where they will visit companies, trade organisations, and specialist exhibitions covering a wide range of British industry.

On March 5 the mission leaders will meet Mr. James Callaghan, the Prime Minister. Mission members will also meet Mr. John Smith, Secretary of State for Trade, Mr. Alan Williams, Minister of State at the Department of Industry, Mr. Gregory MacKenzie, Minister of State at the Scottish Office, Mr. Don Concannon, Minister of State at the Northern Ireland Office, Mr. John Nott, Opposition spokesman for Trade and TUC officials.

Though he would make no quantitative predictions Mr. Matsuo said yesterday that he was confident that contracts would result from the visit which would concentrate on detailed and extensive negotiations of the Japanese market's potential for British goods. However he preferred to stress the long term objective of the mission which is to improve the trade imbalance—the visible UK deficit is (currently) well over £700m. Mr. Matsuo said he believes there is "tremendous potential" for increased trade between Japan and the UK.

Greece in Mideast trade boost

BY OUR ATHENS CORRESPONDENT

FURTHER EXPANSION of trade and economic relations between Greece and Arab countries will be discussed by Premier Constantine Karamanlis during official visits to Saudi Arabia and Syria this week.

An official announcement issued here prior to Mr. Karamanlis' departure on Sunday said his discussions in Riyadh with Crown Prince Fahd, Saudi Arabia's first deputy prime minister, will lay the groundwork for the signing of an agreement for increased economic and technical cooperation

In Damascus, where he will be today, Mr. Karamanlis will have talks with Syrian Prime *Minister Mohammed Ali Al-*Halabi on the further development of Greek-Syrian relations in all economic sectors. The official announcement said that Greek Foreign Minister George Rallis, who is accompanying the premier, will sign a road transport agreement.

Greece, which sees itself as the bridge between the oil-rich Middle East and industrialised Western Europe, is keenly interested in securing oil supplies in view of the expected new oil crisis. At the same time it wants to further expand its exports to the area.

The effort towards a systematic development of Greek-Arab relations is also reflected in the setting up last year of the Chamber for Development and Co-operation (CDC). The Arab-Greek Bank, with the participation of the National Bank of Greece and Libyan and Kuwaiti banks, is the result of the first Greek-Arab investment meeting organised by the CDC in June last year.

The strong interest expressed by Arab countries for investing in Greece as well as the operation of joint investment ventures in Arab countries with the assistance of local capital and Greek technology will be further examined and discussed at a Greek-Arab symposium organised by the CDC in Athens from June 25 to 28 this year.

Portugal petitions EEC for extension of concessions

BY JIMMY BURNS IN LISBON

Portugal yesterday formally petitioned the EEC Commission *in* Brussels for a wide ranging revision of its present trade relationship with the Community, including the extension of quotas on EEC imports and of concessions to certain Portuguese industrial and agricultural products for another five years.

The basis of Portuguese trade with the Community, as defined in the trade agreement signed in July 1972 by Portugal and the EEC is that Portugal should commit herself to a substantial liberalisation of imports from January 1980 as well as accept certain restrictions on her industrial and agricultural exports to the EEC.

The Portuguese view put to Brussels by Dr. Vitor Constancio, president of the Commission for European Integration, is that the policies pledged by the agreement are no longer realistic given Portugal's weak economic circumstances.

Portugal has already indicated that it would like an extension of restrictive quotas on ckd and cvu units so as to guarantee the survival of the crisis-torn Portuguese motor industry in the face of European competition.

Dr. Constancio also discussed with the EEC the reintroduction of some customs barriers to protect nascent Portuguese industries. Also scheduled for discussion is the lifting of duties on Portuguese paper pulp exports.

On the agricultural side, Dr. Constancio would like a number of Portuguese products, namely tinned fish, tomato concentrate, and wine (table, Port and Madeira) to be granted free access to the Common Market.

Benefits expected for UK farm machinery exporters

BY CHRISTOPHER PARKES

BRITISH FARM machinery and livestock exporters will be among the first to benefit from a £5m UK loan pledged to Portugal shortly after the 1974 revolution, Dr. Apolinario vaz Portugal, Agriculture Minister, said yesterday.

Dr. Portugal, leaving Britain afer a six-day visit, said modern machinery and high-quality breeding stock would help reduce his country's 50 per cent dependence on food imports.

But he was more interested *in technical assistance*, he added, and British agricultural experts will be visiting Portugal soon to help decide how the money should best be spent.

The largest share of the £5m on offer would be used for loans to develop the infrastructure of agriculture: projects like cold stores, freezing plant and grain stores.

Since Portugal could not compete in terms of quantity on export markets, it would focus its attention on developing trade in high-quality goods such as wine, citrus fruit, apples, pears and strawberries.

For the Portuguese fishing industry, he sought help from British experts in assessing stocks in national waters, improving the fleet and setting up joint ventures with British fishing interests.

China may build Jeeps

American Motors Corporation said it will study the feasibility of producing Jeep four-wheel-drive commercial vehicles in China.

The company said it had signed a memorandum of understanding with Beijing (Peking) Automotive Industrial Corporation, which includes consideration of a modernisation programme for an existing plant there to incorporate certain Jeep models and technology.

The chief engineer of Beijing Automotive, which currently produces four-wheel-drive vehicles introduced in 1964, will visit the U.S. shortly.
Reuter

UK NEWS

Goodyear to close Glasgow factory

By Ray Perman, Scottish Correspondent

GOODYEAR TOLD the Government last night that its decision to close its Glasgow tyre factory, with the loss of 700 jobs, was final.

Mr. Gregor Mackenzie, the Scottish Office Industry Minister, had asked the company to reconsider after a meeting by the workforce at the weekend at which a rescue plan was belatedly accepted.

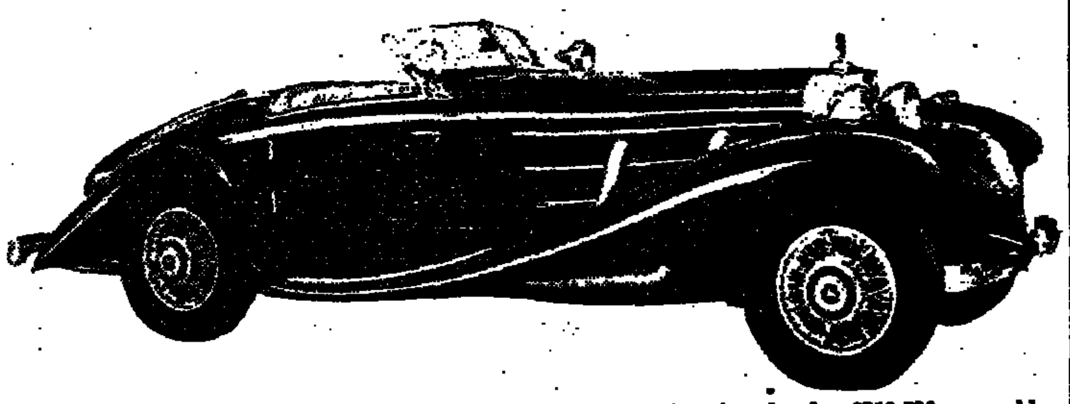
It was the earlier rejection of this package, which included the reintroduction of an extra night shift, which led the company to say last week that it would shut the factory within three months.

Mr. Westi Hansen, chairman and managing director of Goodyear Great Britain, met the Minister last night and told him that the decision to close had been made after careful consideration and that the company saw no reason now to change it.

Mr. Mackenzie said: "I am very disappointed. The Government has done everything in its power to prevent this closure, but in the last resort the decision rest with the Goodyear management."

● Shop stewards and management at Marathon Shipbuilders at Clydebank, which is also under threat of closure through a shortage of work, yesterday agreed productivity proposals which might enable the yard to bridge a £500,000 gap which has prevented it from securing a Government contract.

Mercedes-Benz roadster makes record £210,520



The 1936 Mercedes-Benz roadster which Christie's sold in Los Angeles for £210,520, a world record auction price for a car

A WORLD auction record price for a motor car of £210,520 was paid in Los Angeles on Sunday for a Mercedes-Benz two-passenger roadster of 1936 (pictured above). It was the top price in a sale organised by Christie's which totalled £979,684. The car was part of the collection of the late M. L. ("Bud") Cohn, which sold for £573,736. It

BY ANTONY THORNCROFT

was bought by a private buyer from Monte Carlo.

Another lot to beat the previous best price of $235,000 (£117,500) was a two-passenger roadster of 1929, which made £168,421. A Japanese buyer gave £84,210 for a four-passenger Cabriolet "B" of 1938.

Mr. Cohn's favourite car, the oldest in the sale, an 1893 Benz 1½ hp two-passenger Sociable, sold for the same price. Sir Gawaine Baillie paid £31,578 for a seven-passenger Hispano Suiza Phaeton, of 1925.

At Christie's auction of Japanese sword fittings and prints yesterday in London, which totalled £72,731, Kruml paid £4,200 for an album of 242 Oban prints.

Phillips disposed of paintings for £80,140. Two works by John Frederick Herring Snr., The Farrier's Shop, and Ducks and Ducklings beside a Pool, each sold for £4,500; while another painting by Herring, of goats eating in a wood, fetched £3,400. A typical farmyard scene, by Edgar Hunt, of chickens and a dove, made the same price.

A 16th-century sea chart of the Bay of Biscay sold for £340 at a Stanley Gibbons' map sale yesterday. It was by the Dutch cartographer, Lucas Waghenaur. A map of the Americas, published about 1600, went for £330, and a map of Britain's coastline from Dartmouth to Portsmouth, depicting the Spanish Armada, made £255.

Land-Rover to launch V8 model

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LAND-ROVER, the BL subsidiary, is to increase production by about 7,000 vehicles a year with a new model using the 3.5-litre V8 Range Rover engine.

The new Land-Rovers will be produced in addition to the existing range, and will be for export only.

Sales will be aimed particularly at the Middle East, where both cross-country reliability and high performance on good road surfaces are required.

Mr. Mike Hodgkinson, managing director of the company, commented yesterday on the first "dividend" on the £30m first phase of its investment programme. He said: "The new vehicles represent a significant step forward in the growth of Land-Rover, and are an indication of our intention to continue to produce vehicles which meet changing market demand."

BL is spending £280m by 1982 to approximately double output. The £30m first phase has lifted output of Land-Rovers by 10 per cent to 1,500 a week, and Range Rover production by 50 per cent to 450 a week.

A new £6m V8 engine assembly track at the Acocks Green plant, Birmingham, with a capacity of nearly 2,000 a week, is at the heart of first phase.

Improved availability of engines meant that the Land-Rover V8 could be introduced, while the number of Range Rover and Rover 3500 saloon engines could also be increased.

Four-wheel drive markets, Page 27

Agents 'close to insolvency' before property venture

BY TERRY OGG

CROWN AGENTS was "almost in a state of insolvency" at the time it embarked on its excursion into secondary banking and property, the Crown Agents tribunal has been told.

Mr. Edward Morris, a Crown Agent from 1968 until he retired in 1971, said the situation arose as a result of a "threat of a law suit involving £500,000 at a time when our office reserves were something under £200,000."

He later added: "We were very conscious that we were almost in a state of insolvency from the time we had this threat of a law suit until we had a reserve of something over half a million."

A writ, issued in 1967, was still hanging over the Crown Agents when Mr. Morris retired in 1971. It was subsequently settled on satisfactory terms.

But the threat of the writ against the Crown Agents at a time when its overall reserve was "something under £200,000" emphasised its vulnerability and "sowed the seeds of our wish to create a bigger reserve."

The new was kept from most of Crown Agents' management because "it would have created alarm and despondency." As a result, it was not specifically mentioned in any reasons put up for a reserve.

Earlier, Mr. Morris agreed that the option of increasing charges for Crown Agents' services to create sufficient reserves was regarded as one that was not available to Crown Agents.

Mr. David Johns, head of marketing services at the Crown Agents, agreed during cross examination a week ago, that there were only two ways of increasing reserves. The first was to increase the profit on existing activities and the second was to start fresh undertakings.

'Own account'

He said that fees for services provided by the finance department could have been increased marginally at the time but that a large increase would have "made our services extraordinarily expensive and the Government clients would have been well justified to look elsewhere for the same service."

The Crown Agents decided, in March, 1967, to begin borrowing up to £50m on the money market on its own account, in order to increase its earnings by £400,000 a year and build up reserves worth £3m by 1971.

This incursion into "own account" activities led it into secondary banking and property between 1967 and 1974. Losses from the "own account" activities have been estimated at more than £200m.

Society Board plea before Registrar

By Michael Cassell

THE ANGLIA Hastings and Thanet Building Society yesterday told a special hearing, before the Chief Registrar of Friendly Societies, that two of its investing members had "absolutely no grounds" for claiming a right to immediate directorships.

The hearing was called by the Registrar, Mr. Keith Brading, to adjudicate on the attempts by Mr. Paul Twyman and Mr. Leslie Smith to become members of the Anglia Hastings and Thanet board.

Last year, the men opposed the merger of the Anglia with the Hastings and Thanet, which has subsequently created the country's sixth biggest building society with assets in excess of £1.4bn. They now say, however, that they wish to make a positive contribution to the society's future.

Attempt

Mr. Smith said that he and Mr. Twyman had unsuccessfully asked for a meeting with the full board of the A.H.&T. to put their cause for becoming directors and to allay any suspicions that they were "ogres trying to destroy" the society.

Mr. Twyman said that their case for joining the board immediately without any election procedure was based on the fact that the society had an enabling rule which set the upper limit of its board membership at 20. At present, there were 12 board members and, therefore, eight vacancies which, providing there was no conflict for the places, could be filled by any candidates correctly nominated.

Mr. Twyman told the Registrar: "Our case is that under the rules of the society we have a right to membership of the board, and should at the forthcoming annual meeting or earlier we should be welcomed as directors."

Mr. Smith said they hoped their case would be upheld but that, if it was not, they also wanted the Registrar to rule that the society should agree to circularise their argument for board membership to all members, along with the annual report and accounts

Assurance

He accepted the society's assurance that it would send out brief, biographical details of all the candidates for directorships but claimed that two men who had originally opposed the merger should be given the chance by the society to state why they were now standing.

For the AH and T, Mr. Peter Wilkinson, joint general manager, rejected the two men's claim to be put on the board "as a matter of right" and said that the size of the present 12-man board was regarded as "adequate or even on the high side."

He did not accept the applicants' version of what constituted a board "vacancy" and stressed that the present board had been constituted with the approval of the membership at the time of the merger.

Answering suggestions that the society should assist the two men in any necessary campaign for directorships, Mr. Wilkinson said the society had "gone further than the bare legal obligations" in offering to circulate brief details of candidates although it was not prepared to include their case for candidacy as it had to adopt "an impartial approach to all concerned."

In addition, he said, compliance with their request could cost the society an extra £100,000.

The Registrar is due to give his decision tomorrow.

Abbey Life suing former employees

BY ERIC SHORT

ABBEY LIFE ASSURANCE, one of the largest linked-life companies in the UK, is suing seven former employees and Skandia UK Insurance Company for nearly £1m. A writ for damages, issued last Thursday, alleges conspiracy and breach of contract.

Skandia UK, a subsidiary of Skandia Insurance Company, of Stockholm, is resisting the claim. It denies any involvement with the former employees of Abbey Life and has instructed its solicitors to take appropriate action.

The company was established more than four years ago and transacts non-life business.

However, it pointed out that its parent had established another UK subsidiary, Skandia Life, under the chairmanship of Mr. Arne Hallstrom. This company, it is understood, received Department of Trade permission late last year to transact life business but awaits final details of the terms.

The seven former employees named in the writ are Messrs. B. Sackville, F. Capon, S. Paine, A. Wilson, M. Sulman, P. Collins and D. Winters.

Plans for £520m railway electrification attacked

BY LYNTON McLAIN

BRITISH RAIL proposals to spend up to £520m on rail electrification were inconsistent and not based on a cost benefit study, the British Road Federation said yesterday.

The federation, which lobbies for more spending on roads, said it did not object to British Rail investing in projects which made economic sense.

But the case for rail electrification was unconvincing, the federation said. It called for an independent commission to be set up by Mr. William Rodgers, Transport Secretary, to examine the proposals.

These were outlined in a discussion paper published by Mr. Rodgers and British Rail in May.

The details are being examined by a joint steering group, chaired by Mr. David Bowick, a vice-chairman of British Rail, and Mr. John Palmer, the under-secretary in charge of railways at the Transport Department.

This was hardly an effective amendment, the federation said.

Mr. Rodgers' proposals called for a 17-year programme, with schemes ranging from an extra 370 miles of electrified track costing £60m. to the almost complete electrification of Inter-City routes involving an extra 2,970 miles of overhead power lines.

But none of the schemes passed formal economic or financial tests, the federation said.

State company defends party

Financial Times Reporter

THE STATE-OWNED Cable and Wireless company yesterday defended plans to spend £150,000 on a staff party to mark its golden jubilee.

The company said: "We do not think it is extravagant laying on this kind of celebration to mark our jubilee. The people coming to it are employees who turn in a healthy profit for the British taxpayer year after year."

The party, which will be attended by the Queen and Prince Philip, is to be held at St. James's Palace in May. Most of the £150,000 will be spent on air fares for 180 overseas guests, including employees' wives.

Ulster to receive £48m loans for power station and roads

BY STEWART DALBY IN DUBLIN

NORTHERN IRELAND has received more than £48m in low-interest loans from the European Investment Bank to help pay for the Kilroot power station and a number of new roads in the province.

This is the biggest amount given in the province by the bank. Previously, the Post Office had borrowed £18.5m, and Short Bros. £2.5m.

The largest loan, just over £33m, will be used by the Northern Ireland Electricity Service to pay for part of the first phase at Kilroot, which is estimated to cost £150m.

The second loan of £15m is going to the Department of Finance to cover half the cost of 17 road schemes, including the M1-M2 link-up and approaches to the new Foyle Bridge in Derry.

The loans were completed yesterday at a ceremony in Belfast between Mr. Roy Mason, Secretary of State, and Mr. Yves Le Portz, president of the bank. Mr. Mason used the ceremony to espouse his perennial theme that the province is returning to normal and deserves injections of capital, from both private and public sources, to expedite economic improvement.

He said the Kilroot power station should ensure ample capacity to meet projected increases in demand for electricity and, in particular, to attract new industries to Ulster, but observers have noted that Kilroot is an extremely expensive proposition.

While it is not Community policy to help with the construction of new oil-fired power stations, M. Le Portz said the bank accepted that there were good reasons for choosing such a plant in Northern Ireland since there is no indigenous coal supply and the market is too smal lto justify a nuclear plant. small to justify a nuclear plant. seen as another of the high-cost projects which only seem justified because of Ulster's unique social circumstances.

Mr. Mason pointed out that the loans were symptomatic of a greater interest by the European Community in Northern Ireland. He was trying to counter the growing recognition that the Republic of Ireland has been a massive beneficiary of EEC transfers

All told, the various projects should provide jobs for about 2,000 people over the next decade. This is seen as important in an area where unemployment averages 11.8 per cent (roughly twice the UK level) and reaches almost 20 per cent in some areas.

British Airways seeks 7½% air fares rise

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FARES ON many internal and international air routes are likely to rise this spring and early summer.

The Civil Aviation Authority, which governs the levels of UK air fares, will hear an application today from British Airways for increases averaging 7½ per cent from April 1, including the trunk routes from London to Glasgow and Edinburgh.

British Caledonian has also asked for rises in fares on those routes from May 1. Their effect will be to raise the single fare between London and Glasgow/Edinburgh from £35 to £37.

But no-one in the UK air transport industry believes that this is the limit of fare rises this year. Most airlines are expected to seek further increases as costs continue to rise.

These increases are being caused mainly by fuel costs. Not only is there the 14.5 per cent general rise in crude oil prices this year agreed by the OPEC countries, but further rises stemming from the fuel shortages resulting from the loss of Iranian supplies.

These fuel problems are having other more direct effects. In the U.S., which hitherto has depended upon Iran for much of its fuel supplies, the availability of aviation fuel has become "tight" in recent weeks.

Late last week at Kennedy Airport, New York, for example, airliners were having to queue for up to five hours to get fuel and, as a result, many departures were delayed. The situation at some other U.S. airports has been just as bad.

Overall, the supply of aviation fuel in the U.S. is regarded as just adequate, although with some areas of difficulty. Many in the airline industry believe the problems are likely to prevail for some time.

As a result, there are growing fears as to what the effects will be on fares. The view of most airline executives is that, if the trend of rising crude oil prices continues, it will become impossible for the air transport industry to sustain its practice of fares-reductions, and a period of increases is now inevitable.

Some airline chiefs have already spoken publicly of the need for fares rises, including Mr. Adam Thomson, chairman of British Caledonian. Many others are believed to share these views and the belief is gaining ground that the cheap fares "bonanza" of the past year or so is finished; and that the trend from now on is likely to be reversed in favour of fares rises.

Consumers

The only cuts that seem likely are those where airlines want to fill off-peak flights in the middle of the day or the week, or where the likelihood of substantially increased traffic justifies the cuts—as on the London-Australia route.

But everywhere else, the belief is that fares will have to rise, in spite of pressures from some governments, including the U.S., and consumer groups which think they still ought to come down.

Not only are fuel costs rising, but almost every other charge borne by the airlines—labour, navigation charges, landing fees, equipment costs and spares.

The effect of these charges is indicated by British Airways, which is expected to tell the Civil Aviation Authority today that on a revenue of £135.8m on internal air services this year, it will only make a profit of £44,000, described as "patently inadequate."

Ethylene surplus set to continue

By Sue Cameron, Chemicals Correspondent

WESTERN EUROPE'S production capacity for ethylene—one of the basic materials for the chemical industry—is expected to go on outstripping consumption until 1982, says a survey by the Council of European Chemical Manufacturers' Federations.

The survey forecasts that between 1979 and 1982 Western Europe will have an overcapacity of more than 4m tonnes a year.

Between 1978 and 1982 Western European producers outside the Common Market will increase their capacity at a higher rate than producers within the nine member States.

"While this may be expected to stimulate consumption of ethylene for derivatives in the non-EEC countries of Western Europe, it will result in a loss of market share of EEC producers in these countries."

Butadiene capacity will also exceed consumption—by about 0.5m tonnes a year between 1978-82—and there will be a substantial capacity surplus in propylene.

Power measure 'crazy'

FINANCIAL TIMES REPORTER

THE Electricity Council has criticised the Department of Education and Science for its "crazy" policy on conserving energy.

It is concerned that the criteria for energy use in new buildings, set out in a recent DES circular and based on "primary energy units," will discriminate against electricity.

Primary energy units take into account the conversion efficiencies of various fuels and thus relate to the use of primary energy resources.

In a design note published two weeks ago, Guidelines for Environmental Design and Fuel Conservation in Educational Buildings, the DES gave tables showing that the primary energy input for electricity was more than double that for such fuels as coal, oil and gas.

Mr. John Platts, energy sales manager for the Electricity Council, told a conference on energy effectiveness that "the number of primary energy units used to make power is a crazy yardstick to measure electricity by. We burn up unusable oil and coal. In fact, we burn the nation's rubbish, not valuable power units."

The buildings of the future, he said, should be so designed that they could be converted to use electricity in the event of an energy crisis at the end of the century.

"Britain will be totally self-sufficient in energy for the next few years, but then energy will become very much scarcer, oil and gas supplies will start to run out and coal supplies will not be able to fill the gap.

"By the late 1980s everyone will suddenly rush to electricity and there will not be enough to go round, unless we are able to develop more nuclear power stations."

Closer ties predicted

BY OUR CONSUMER AFFAIRS CORRESPONDENT

CLOSER WORKING ties between the Electricity Consumers' Council, the independent "watchdog" for the industry, and top management in the industry were forecast yesterday by Mr. Michael Barnes, the council's chairman.

Mr. Barnes, in the council's first annual report since it was set up in July 1977, said there had been "one or two sharp disagreements" over the substantial price rises in recent years.

But he said that mutual understanding and respect are beginning to grow.

During its first year, the council monitored the introduction of the Economy 7 off-peak price tariff, which had been strongly criticised by the Consumers' Association for its alegedly misleading advertisements. The council said that it had also "expressed concern at the promotion of the new tariff."

In addition, the council had pressed the industry to give more consideration to the low-paid with their bills.

The council is also studying the electricity supply industry's planning margin, which determines the level of excess capacity, as well as its accounting policies to ensure that tariff levels are fair.

Beet record

BRITAIN'S SUGAR beet crop has produced a record yield of 1m tonnes of sugar in spite of costly major setbacks at the 17 factories including oil and haulage disputes, secondary picketing, rail strikes and severe weather conditions.

Spirits output rises but market still far from booming

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE UK spirits market is far from booming in spite of a 20 per cent increase in output last year, the Wine and Spirit Association said yesterday.

Latest figures from the Customs and Excise showing duty paid on spirits disclosed that 36.9m gallons of imported and home-produced spirits were cleared in 1978, compared with 30.6m in 1977.

But the Excise figures also show that the increase during the final quarter of last year was up only by 5.8 per cent on the same period in 1977. The final quarter usually accounts for up to 45 per cent of the year's spirits trade.

Mr. Peter Hallgarten, the association's chairman, said yesterday: "The full effect of the last round of excise duty increases are still damping the market."

Even allowing for some upward revision of the figures to offset distribution problems due to industrial action last December, "there is clearly still a good way to go before the market is fully recovered."

Mr. Hallgarten again appealed to the Chancellor of the Exchequer not to increase the duty on spirits in the next Budget.

"We have left the Chancellor in absolutely no doubt that a further period of stable excise duties is imperative.

Fastest growth

"The financial havoc which current duty rates and borrowing requirements wreak on the cash flow of the trade in wines and spirits is already endangering employment and investment in 1979."

Production of vodka in the UK last year increased the most, with output up 28.6 per cent on 1977 to total just over 4m gallons. Whisky output was up by 21.3 per cent to 18.8m gallons, and gin output increased by 14.2 per cent to 5.5m gallons.

Liquors had the fastest growth among imported spirits. They were up by just over 31 per cent to 1.4m gallons. Cognac was up by almost 21 per cent, and other brandies and rums were each up by about 18 per cent.

Blizzard bill

NORFOLK HAS added another penny to the rates for the year to help pay for damage done by the recent blizzards. The new county rate, approved on Saturday, is 77.5p in the pound—an increase of 11.4p. A penny rate produces £1m.

Factoring business exceeds £1bn

BY TIM DICKSON

FACTORING BUSINESS in Britain topped £1bn for the first time last year, according to figures published yesterday.

The Association of British Factors, which represents an estimated 80 per cent of factoring turnover, reported combined business volume worth £1.335bn last year, a 38 per cent rise on the £968m recorded in 1977.

Mr. Freddie Salinger, chairman of the association, said the increase reflected a wider appreciation of the advantages of the industry, which was acquiring "a better image."

A factor buys and chases up debts, operates its own sales ledger on behalf of the client and generally provides optional finance by agreeing to forward up to about 80 per cent of the debts in advance.

Last year, the number of British companies using factoring services rose from 1,313 to 1,725, the biggest ever increase.

The international element (UK-based companies' overseas debts) rose 43 per cent from £124m to £177m.

The growth was most significant among small and medium sized businesses while the average client turnover for the full service is now just above £600,000. Client companies include a number of well-known names with multi-million pound turnovers.

Factoring arrived in the UK from the U.S. in the early 1960s. It is widely accepted, however, that it has failed to gain ground as quickly as originally hoped.

The industry is dominated by the eight large companies of the association, six of which are owned by leading banks. Besides these there are a large number of much smaller concerns.

Members of the association also reported a high level of new inquiries at the beginning of this year.

Builders' repair boom over, say stockbrokers

BY MICHAEL CASSELL

LAST YEAR'S boom in repair and maintenance work for building contractors is unlikely to be repeated in 1979, according to a report by stockbrokers J. and A. Scrimgeour.

Because of the rapid growth of the repair and maintenance sector during the last two years, combined with the post-1973 slump in new work, output of this type, says the report, now accounts for 32 per cent of contractors' work against 25 per cent in 1970.

But Scrimgeour says that although the sector is larger than the total new housing market, little analysis has been carried out on this area of the market.

The sector may be half as large again as official statistics suggest, but Scrimgeour emphasises that there is little evidence of anything other than marginal growth in repair and maintenance over the last 10 years.

Expenditure, it claims, has concentrated recently on housing improvement work rather than normal repair or maintenance operations and the outlook for continuing growth in this area is less optimistic.

Scrimgeours say that public sector housing improvements will continue to grow during this year although the private sector may be affected as building societies divert loans for purchase rather than improvement work. Total expenditure on all housing improvements may, the report says, fall later this year.

Repair and maintenance in the industrial sector fields could, says the report, also be subjected to growing constraints later this year, ending a buoyant period for corporate expenditure.

'Alarming' profit record in medical equipment

FINANCIAL TIMES REPORTER

ONLY 55 per cent of medical equipment companies registered higher profits over a two-year period, "an alarming performance for a vital sector of UK industrial enterprise," says a survey on the industry.

The financial stresses of new developments and the increasing amount of money often needed for elaborate equipment and instrumentation are illustrated in the survey, by Inter Company Comparisons. It covers 242 companies in the industry.

Of the companies—many owned by overseas organisations, 82 per cent showed improved turnover over the two-year period. With new technology demanding more money for instruments and equipment, 78 per cent of the companies added to their assets.

With the expansion of business, 64 per cent increased their liabilities.

"Perhaps the only saving grace for many of the companies is that they are owned by overseas organisations who may well be better placed in more favourable economic climates to invest in an industry facing difficulties and hardship," the survey says.

Medical Equipment Manufacturers and Suppliers. Inter Company Comparisons, 81 City Road, London, EC1, £34.80.

Top-level microprocessor briefings to cost £10m

BY JOHN LLOYD

PLANS TO brief the country's 50,000 leading "decision makers" on the potential applications of microprocessor technology, at a cost of about £10m, are being completed by the Department of Industry.

The plans, which have been prepared for the department by PA Management Consultants, set out a heavy programme of seminars and conferences in the next two years. The department, with PA, will brief the "very top managers and trade unionists," while other organisations will take the rest.

More than 30 conference organisers attended a meeting last week at the department, where officials told them that the programme must succeed if the UK was to remain competitive with other advanced industrial countries.

They were also told that they would receive help on publicity, speakers, technical advice and equipment, and that although seminars were usually expected to be self-financing, the department "would be prepared to underwrite certain events in areas of particular regional or sectoral need provided a reasonable fee was charged for the course."

Funding

However, there are difficulties, as the Government admits. In a paper outlining its policy on the decision-makers' awareness programme, the Department of Industry says the difficulties involve "speed of response, course material, speakers and funding."

The paper says that "left to their own devices, the larger organisations will continue to provide an increasing but still less than adequate quantity of seminars and conferences. There is also likely to be a plethora of organisations which will want to organise an 'event' once the PR campaign begins to have an effect."

The paper set out the criteria that organisations must meet to qualify for support. These are:

● Programmes and written material and visual aids must be of a high standard;

● The topic coverage should conform "broadly to a standard at present being discussed (eg, cutting out excessive technical detail), provision of guidance on practical steps for firms to take);"

● There should be co-ordination among the organisers to avoid clashes;

● Participation in a "simple monitoring system;"

● "Feedback on event quality and content" to be acted on.

'Vocational training boost' call

By Michael Dixon, Education Correspondent

THE education system must be thoroughly overhauled, if Britain is to succeed in the age of micro-electronics, says Dr. Keith Hampson, a Conservative spokesman on education.

"For too long, vocational schooling has been totally inadequate.

"Now a crisis point has been reached because new sophisticated production machinery means we no longer need the huge pool of unskilled and semi-skilled jobs that have sustained this country's employment levels in the past."

Dr. Hampson calls for a shift of emphasis from abstract learning towards practical studies, and improvements in careers teaching especially about industry.

More 16-year-olds, he says, should be encouraged to enter craft and vocational courses in further educational colleges, which need to pay greater attention to re-training workers whose skills are obsolete.

Brokers say years of poverty may end

BY TERRY OGG

THE UK'S years as Europe's economic poor relation are over, Hoare Govett, the London broking firm, suggests in a study of the industrial outlook in the 1980s.

"Europe is undoubtedly moving from an era of unprecedented prosperity into a period of more uncertain growth," Hoare Govett says. "The UK economy is obviously not immune from the development, but the impact of North Sea oil does offer the opportunity of a stronger relative performance."

Projected changes include industrialisation of Third World economies. This would force European producers out of vulnerable sectors into areas which involve rapid technological innovation, or into service industries.

"World competition has already caused severe problems in traditional industries such as steel, textiles and shipbuilding. In the future, increasing competition will be faced by several parts of the engineering industry, including standardised metal products, simple capital goods and machine tools, as well as other industries such as motors, shipping and eventually, chemicals."

Industries would also become more vulnerable to Government interference and legislative changes.

"This may take the form of, firstly, controls on prices in sectors such as breweries and food; secondly, rising indirect taxation either to offset reductions in income tax, or to influence consumption; and thirdly, the pharmaceuticals, chemicals and food industries could face more restrictive legislation governing the use of existing products and the testing or introduction of new drugs."

The study concludes that investment portfolios which aim for long-term sustainable growth should have an above-average exposure to high technology industries with considerable export potential, or expanding areas of the domestic economy not subject to significant import competition.

UK 'less worried' by Arab boycott

BY MAURICE SAMUELSON

MORE THAN 120 UK companies will attend a seminar today on investment opportunities in Israel amid claims by its organisers that British businessmen are less worried about the Arab boycott than formerly.

Many of those taking part say they have been influenced by the protracted search for an Israeli-Egyptian peace agreement and by its economic implications. Others feared that the Arab oil states could go the same way as Iran, thus ending the exports gold rush of the 1970s.

A similar gathering called a year ago attracted only 15 companies, and was held in secret. This time, more than 120 companies accepted the invitation from Sir Monty Finniston, former chairman of British Steel, who is presiding.

Although 350 invitations were sent out, the Anglo Israel Chamber of Commerce had not expected more than 50 acceptances.

About a third of those taking part already have business with Israel, but none has capital investments there. A few operate in Egypt, and believe they could play a special role in fostering Israeli-Egyptian contacts in the first three or four years after a treaty was signed.

Approaches

Offers of this kind have come from some leading City finance houses and firms of lawyers and accountants with long experience in the Arab world.

Similar approaches have been made in France, West Germany and Greece but the Israelis prefer London.

The implications of peace will be explored in the first lecture by Dr. Eliezer Sheffer, the Bank of Israel's deputy governor, who lectures on Middle East economy at the Hebrew university.

Other speakers include representatives of Israel's major electronics industries.

Textile machinery hopes rise

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE BEST hope the British textile machinery industry has of recovering some lost ground lies in the Government's Industry Act aid scheme and with the opportunities that could arise from industry's international exhibition in 1983, which is to be held in Birmingham.

This is the conclusion of a report published today by the industry's sector working party which catalogues a gloomy story of decline of the UK textile machinery industry over the past decade. The world recession is partly responsible, says the report, but the main reason is the industry's continuing loss of world and domestic markets.

Britain's textile machinery exports in 1977 accounted for 8 per cent of OECD, compared with 13 per cent in 1970 and 9.6 per cent in 1976. In spinning, where the UK industry has traditionally been strong, the share has fallen from 14.4 per cent to 8.5 per cent since 1970 and in the weaving and knitting (which in the UK's case means almost entirely knitting machinery) the share is down from 13 per cent to 5.6 per cent.

The report sees signs of an improvement in export orders and sales, though no figures are available, and the picture in the domestic market is not quite so gloomy. The industry's share rose from a low point of only 27 per cent of the UK market in 1976 to 43 per cent in 1977, but this falls short of the 52 per cent market share in 1970. The domestic market is also of considerably less importance than overseas market, which account for roughly three-quarters of all sales.

The industry's output in the second quarter of 1978 had fallen to less than half that in 1975, mainly as a result of the loss of world market share, yet because employment had fallen by around one-fifth productivity was way below the levels achieved in the early 1970s. The total loss of jobs in the period from 1970-76 was 10,000, reducing the labour force to around 36,000, a figure which has since shown a further fall.

The objectives of the working party are restoration of the UK's share of world exports to the 13 per cent held in 1970-71. Within the different product categories the aim would be a 15 per cent share of spinning machinery exports, 5 per cent for weaving and knitting machinery, and 15 per cent for auxiliary machinery, and 10 per cent for finishing equipment.

In the domestic market the working party wants to see the share taken by UK producers held at around 40 per cent initially, and then moved back towards the 50 per cent figure achieved in 1970. This could be achieved it believes by 1980—the date first set last year—but in exports it admits that the target date will have to be extended a few years to the early 1980s rather than any specific date.

The report says that although the developing countries are now major textile producers the developed countries remain the biggest buyers of textile machinery, with the top five rankings among importers going to the U.S., Italy, France, West Germany and the UK. The next five places are held by the new textile powers—Brazil, Turkey, South Korea, Iran and Taiwan—closely followed by the USSR and Spain.

Further moves to penetrate some of these important markets will be needed, says the report. Some steps have already been taken by the industry including the British Textile Machinery Association's successful application to play host to the 1983 International Textile Machinery Association provisionally booked for the National Exhibition Centre, Birmingham.

A joint working group has also been set up at the invitation of the knitting sector working party to look at possible import substitiuon. The industry may also soon be able to offer a better range of products to the domestic and export markets as a result of investment generated under the Government's Industry Act aid scheme.

The report says that by September last year applications for assistance towards product development projects costing £20m had been approved. New products should start to appear on the marke: in 1979.

A further £30m on capital projects was also being aided under the scheme. The report concludes, that in spite of the market share loss, the medium term outlook is much better than it was when the working parts was formed nearly three years ago.

Textile Machinery Sector Working Party Progress Report. NEDO, Millbank Tower, SW1P 4QX.

TOTAL TEXTILE MACHINERY
UK SHARE OF UK MARKET

	UK market £m current prices	UK share £m current prices	UK share %
1970	99	51	52
1971	95	47	49
1972	95	44	46
1973	135	57	42
1974	144	52	36
1975	132	50	38
1976	131	36	27
1977	173	74	43

UK SHARE OF OECD EXPORTS

	Total OECD exports Volume index*	Total OECD exports Current $m	UK share Current $m	UK share %
1970	100	2,296	296	12.9
1971	106	2,683	344	12.8
1972	99	3,037	367	12.1
1973	117	4,136	407	9.8
1974	131	5,065	492	9.7
1975	112	5,016	531	10.6
1976	103	4,748	454	9.6
1977	90	4,610	369	8.0

New drugs to cut health costs

BY DAVID FISHLOCK, SCIENCE EDITOR

INCENTIVES to develop new drugs would be more effective in curbing costs than any attempt to ration the technological resources of the health service, the Office of Health Economics argues in a report on health-care, published yesterday.

Such rationing would stifle innovation in the more advanced areas of medical development, such as transplant surgery, as well as increasing bureaucracy, it says.

The report by the organisation, which represents the pharmaceutical industry, follows a Cabinet Office paper earlier this month urging the Government to notice how its main overseas trading rivals are encouraging their industries to innovate.

Either the latest health-care technologies will become available unevenly, because of their novelty and cost, or Britain will fall behind in their development, the report says.

Rationing works only where there are equal shares for all. In health care, individual needs vary too much

Advanced techniques are limited by the process of innovaion, the report says. Before the introduction of hip-joint replacement or the artificial kidney there was no shortage of facilities because there was no demand. The latest techniques could never be made available to more than a few potential beneficiaries.

Much of the controversy over drug prices over the past two decades has been misguided, the report argues. Worldwide, the emphasis has been on cheap drugs and on attempts to restrict the profits of the multinational pharmaceutical innovators.

Instead, drug innovation should have been encouraged and rewarded as a more cost-effective way of curing illness than advanced medical technology.

An average NHS prescription in 1976 cost £1.56, compared with an average cost of £290 for a spell of treatment in hospital.

Scarce Resources in Health Care. Office of Health Economics, 162, Regent Street, London, W1R 6DD. Price, 35p.

Steel workers reject 8% pay and productivity offer

BY PHILIP BASSETT, LABOUR STAFF

STEEL INDUSTRY craft unions representing 41,000 skilled workers yesterday rejected a pay and productivity offer of 8 per cent from the British Steel Corporation.

Mr. Gavin Laird, deputy chairman of the National Craftsmen's Co-ordinating Committee, said that yesterday's two-hour meeting with the corporation had been "a waste of time." No date has been set for a resumption of the talks.

The offer, in line with that made last week to 90,000 production workers in the industry, members of the Iron and Steel Trades Confederation, includes a productivity deal worth 3 per cent, though this does involve manning reductions.

Mr. Laird said that the "penalty clauses" attached to the productivity element were "totally unacceptable." Only when the corporation put an offer on the basic rate similar to that of the public service workers—7.2 per cent on pay which with consolidation gives 9 per cent—would steel industry craftsmen be prepared to discuss a productivity scheme.

The nine unions on the committee have rejected a recommendation for an all-out strike, though selective action, including an overtime ban or a work-to-rule, has not been ruled out.

Leaders of the ISTC members, the traditional pay pacemakers in the industry, will resume talks on their offer on Thursday.

The union has offered its full support to the steelworkers at the threatened steel plant at Corby, Northamptonshire. The corporation plans to close iron and steel making at the plant with the loss of more than 5,000 jobs.

Mr. Bill Sirs, ISTC general secretary, said yesterday that though the executive council of the union was not required to take immediate action it did view the corporation's proposals for Corby with great concern.

The union has also told the corporation that its plans to end iron and steel making at the Bilston works in Staffordshire are "premature" before the completion of a report by Aston University on the plant, which the Bilston workers believe is a strong card in their campaign.

The union said the plans were also in advance of a reply from the Government to the union's request for a public inquiry on Bilston. The ISTC would be prepared to accept the recommendations of an inquiry examining all parties concerned.

TUC may back public sector wage commission

BY ALAN PIKE, LABOUR CORRESPONDENT

THE TUC finance and general purposes committee yesterday endorsed proposals for a standing commission on public sector pay, and will recommend the full general council to do the same when it meets tomorrow.

TUC leaders are anxious that local authority and health service workers should end their dispute, and accept offers of 9 per cent with comparability studies, which hold on the prospect of more money in August.

Mr. Len Murray, general secretary, said after yesterday's meeting that there was widespread agreement that the standing commission "could mean a real breakthrough for low-paid public service workers." If the general council supports the proposals tomorrow, the TUC will nominate trade unionists for membership.

Rejected

However the offer has already been rejected by the National Union of Public Employees executive, and there is no guarantee that will be endorsed by the public sector workers.

A national ambulance shop stewards' meeting in Birmingham yesterday rejected the proposals as derisory, and demanded a 24-hour total strike from midnight on Thursday.

It will now be up to ambulancemen to decide at local meetings whether to support the strike call, which once more puts emergency services at risk. If large numbers do so, it will suggest that the proposed peace formula has little chance of being accepted by the 17,000 ambulance service personnel.

Other local authority and health workers in the four unions involved in the dispute are now being consulted, and tomorrow, the proposals will be considered by a Transport and General Workers Union delegate conference.

In the separate water service claim, NUPE members accepted by a 70 per cent majority an offer worth about 16 per cent, including efficiency bonuses, in a vote declared yesterday. The offer has already been endorsed by members of the other unions involved.

A special delegate meeting of the Royal College of Nursing yesterday rejected a proposal which would have enabled the college's council to call limited industrial action short of a strike.

Basnett wins support for talks on jobless

BY OUR LABOUR CORRESPONDENT

THE TUC-LABOUR Party liaison committee is to hold a special meeting in two weeks to discuss the problems of technology and unemployment.

Mr. David Basnett, general secretary of the General and Municipal Workers' Union, secured support for the talks during a meeting of the committee yesterday.

A joint research exercise will be undertaken by officials of the two organisations before the meeting, and it is hoped that the talks will help produce agreed priorities for approaching the unemployment problem.

At yesterday's liaison committee meeting members welcomed the joint statement on the economy produced by th Government and TUC and the accompanying TUC's guidance on the conduct of trade union practices.

The committee underlined the statement's conclusion that legalistic intervention in the conduct of industrial relations was harmful.

N. Sea rig men back at work

By Ray Perman, Scottish Correspondent

OFFSHORE construction workers whose unofficial strike halted installation of new equipment on North Sea oil platforms, voted to call off the action yesterday.

A return to work will start today with an airlift from Glasgow after a two-month stoppage.

The strike was not supported by trade unions and the men failed to win the backing of oil company personnel who could have interrupted the flow of oil and gas from the platforms.

The employers—members of the Oil and Chemical Plant Constructors Association—also refused to negotiate, but the basis of an agreement was worked out through Dr. Dickson Mabon, Energy Secretary, and this has now been accepted.

Under its terms, negotiations will start within a week through full-time union officials, but the shop stewards who led the dispute will not be directly involved.

The men have a number of demands on pay and conditions, but the central issue concerns the amount of shore leave allowed.

The strikers want equal time on and off platforms, rather than the three weeks on, two weeks o: offered by the employers.

Ulster bank staffs to strike over pay

BY OUR BELFAST CORRESPONDENT

MORE THAN 4,000 bank staff employed by the four big banks in Ulster are to stage strikes on Friday and next Monday following their rejection of a 12 per cent pay offer.

Their action is likely to cause widespread inconvenience to trade and industry. Friday is the busiest banking day when large amounts of cash are drawn for wages.

The bank employees are members of the Irish Bank Officials' Association which had balloted its membership in Ulster. The result, announced yesterday was an overwhelming rejection of the offer.

The strike will involve staff in the Northern Bank, the Ulster Bank, the Bank of Ireland and Allied Irish Banks.

They are seeking pay parity with their counterparts in the Republic of Ireland. The union claimed that the employers' offer would bring wages into line with those in the Republic only until next month when staff in Eire were due to receive an agreed 2 per cent rise with another review promised for June.

The two-day strike may be only the start of the campaign. The union executive will meet next Monday to decide what further action they will take.

The union claims that staff in Ulster banks earned between £300 and £1,000 a year less than their colleagues in Eire, mainly as a result of successive British Government pay policies. The disparity creates problems when staff are transferred to branches across the border.

The strike is the first stoppage in Northern Ireland banks for 13 years, apart from a half-day strike in 1977.

Lorry 'kangaroo court' claimed

THE ROAD Haulage Association at Hull claimed yesterday that two members whose vehicles allegedly crossed picket lines during the drivers' strike are being threatened by a "kangaroo court"

Mr. Ian Blakey, chairman of the association's negotiating committee, said that two companies were invited to a meeting at which the strike committee would hear representations on their activities during the strike.

The letter warned that, if they did not appear, all the trade union members would be informed of the committee's displeasure, said Mr. Blakey.

Metalworkers warn Ford against non-union plant

BY ALAN PIKE

AN INTERNATIONAL union leader warned yesterday that he expects Ford Motor to allow full union representation in its proposed new European assembly plant, wherever the factory is established.

Mr Herman Rebhan, secretary-general of the International Metalworkers' Federation, said the unions would not permit Ford to operate a non-union assembly plant in Europe "no matter what secret proposals competing governments are making."

The federation is concerned that some governments may be making unreasonable promises on labour relations in their anxiety to attract the new plant.

Mr. Rebhan said the federation, to which most leading metal-working and engineering unions are affiliated, was not opposed to another Ford plant in Europe "provided governments do not compete to offer the lowest labour costs."

Proper recognition of trade unions would be expected wherever Ford developed the factory.

A decision on the location of the factory is likely to be announced next month. It will provide 8,000 jobs and the unions expect up to 20,000 more to develop indirectly.

The plant will produce the Erica, the Escort replacement for which engines will be made at a factory being built at Bridgend, South Wales.

The French Government has been mounting a strong lobby to win the plant for Lorraine, where redundancies in the steel industry have lead to social unrest.

UK NEWS—POLITICS

Haringey parents consider appeal

By Michael Dixon, Education Correspondent

PARENTS who yesterday lost their High Court action to require Haringey education authority to keep open its schools, are likely to appeal if the local committee of the National Union of Public Employees reimpose a policy of all-out strike.

On Friday, when the court case began, the NUPE committee decided to lift the total ban which had kept the outer London borough's schools shut for five weeks, and to allow each school to open for four days in each week.

But a spokesman for the parents, who raised *£6,000 to* bring the action, said they would watch the effect of the NUPE decision during the 14 days allowed for an appeal before deciding whether or not to try to continue their case.

In the High Court, Mr. Justice Goulding said that the whole force of the parents' case was that by keeping the schools closed Haringey local authority had allegedly failed in its duty under the Education Act.

However, the Act provided that enforcement of the duties of local education authorities should be carried out, not by the court, but by the Secretary of State for Education and Science.

Some parents had called on Mrs. Shirley Williams to enforce the schools' reopening, but she had not yet made a decision on the complaint.

The court had no means of judging what was necessary in matters of public administration. It would never assume directive control over the work of the executive branch of government, whether central or local.

"If the court were to enter such a field, it would bring into existence a potent source of possible constitutional conflict." Mr. Justice Golding said.

What would happen if he took a different view from that of the Education Secretary?

Labour news, Page 9

Pension fund figures 'misleading'

BY IVOR OWEN

FIGURES submitted to Parliament by the Department of Transport relating to pension fund commitments borne by the National Freight Corporation were described yesterday as "misleading."

The House of Commons select committee on statutory instruments said that vastly differing sums — £73,149,364 and £37,090,909—were contained in two separate statutory instruments, the National Freight Corporation (Funding of Pension Schemes) No. 1 Order, and the National Freight Corporation (Funding of Pension Schemes) No. 2 Order.

In evidence to the select committee, the Department of Transport explained that both figures were "artificial" provisional calculations and that the actual figure to be prescribed would be incorporated in a future Order.

The Committee draws the special attention of the House to this evidence.

"In view of the fact that there is no indication of this 'artificial calculation' in the instruments themselves, the committee is of the opinion that the Orders, as they stand, are misleading," states the report.

The pension fund liabilities in question are believed to stem from deficiencies inherited by the National Freight Corporation on its formation in 1968.

They relate mainly to employees of National Carriers, who were formerly members of the Railway Pension Fund.

More recently, the Corporation incurred further pension fund liabilities when Freightliners, formerly operated by British Rail, came under its control.

● The Transport Department said last night that untaxed cars may be used on March 1 for taking people—or their proxies—to and from the polling stations.

Housing association rules strengthened

BY PAUL TAYLOR

THE Housing Bill, due to be published by the Government in the next few weeks, is to contain provisions for improving the accountability of Britain's 2,630 registered housing associations.

The Department of the Environment yesterday confirmed that the new Bill will contain proposals to make it illegal for housing association committee members to earn fees for the organisations.

It will also include provisions requiring the associations to provide more detailed accounts.

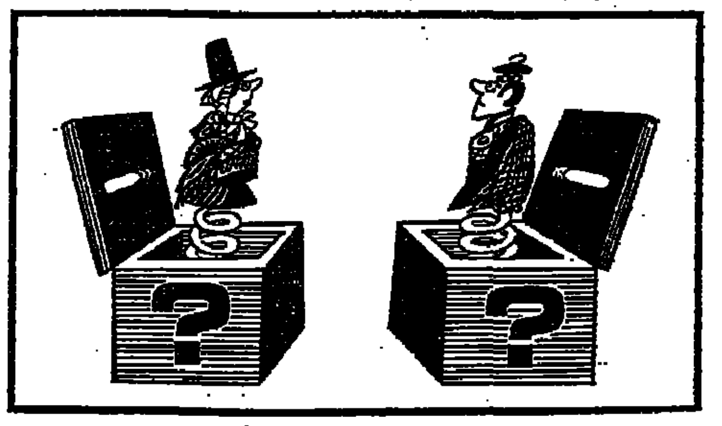
However, the Department stressed that the housing association clauses in the Bill were the result of lengthy consideration, and had not been introduced as a consequence of the recent controversy surrounding the Housing Corporation.

Meanwhile, the Greater London Council's housing policy committee yesterday voted to accept a report recommending further examination of the local authority's dealings with 35 unregistered housing associations.

The council recently repossessed 41 properties belonging to the Helix Housing Association, to which local authority has lent £2.7m., following a dispute over mortgage arrears.

Yesterday, the committee voted to take further action against another housing association.

The committee agreed to ask the Omnium (Central) Housing Association to register with the Housing Corporation and *empowered council officers to* "take whatever action necessary" to safeguard the council's interests.



Rebels call for Yes vote

By Ray Perman, Scottish Correspondent

A SPLINTER group led by two Tory MPs yesterday urged Conservatives to go against the official party line and vote Yes in the Scottish *devolution* referendum on Thursday.

Mr. Alick Buchanan-Smith (North Angus and Mearns) and Mr. Malcolm Rifkind (Edinburgh Pentlands) said it was right for the future of the Conservative Party and for constitutional reform in Britain to support the establishment of a legislative assembly in Edinburgh.

The Tory Party had always been in favour of decentralisation and of democratic control of government, and it had always believed that the constitution was a living organism which was developing and evolving.

Mr. Buchanan-Smith, who resigned from the shadow Cabinet over his support for devolution, said he could not accept the views of Lord Home, former Conservative Prime Minister, that the Government's proposals for devolution ought to be rejected so that they could be replaced by something better.

Having spent two years discussing devolution, it was not realistic to suppose that the House of Commons would be willing to look at the subject again if it was rejected at the referendum.

There were flaws in the devolution scheme proposed, but out of a sheer sense of realism it had to be supported.

Mr. Rifkind said he believed the majority of Scottish Conservatives would follow the official party line.

Warning of Welsh conflicts

By Robin Reeves, Welsh Correspondent

THE CONFLICTS and tensions likely to arise between a Welsh Assembly and the UK could make investment in Wales less attractive, Mr. Leon Brittan, Conservative chief spokesman on devolution, told a meeting in Cowbridge, South Wales, last night.

The argument that the Assembly would bring extra resources to Wales or bring government nearer the people was based on a false prospectus, he declared.

The Assembly in Wales was not being given economic powers and there was nothing within its proposed powers which would enable it to attract more employment and industry to the principality.

"If anything, the conflicts and blurred division of responsibilities would make it less attractive for industry to come to Wales," he warned.

Strains would arise from inevitable disputes over the size of the block grant to finance the responsibilities devolved to the Assembly, a weakening of the influence of the Secretary of State for Wales, the anomolous position of MPs, and a threat to the powers and finances of local government in Wales, Mr. Brittan argued.

In Cardiff, Mr. John Morris, the Secretary of State for Wales told a Press conference that the status quo was no longer an alternative.

Nearly all the opponents of devolution now said they were devolutionists at heart.

"If Scotland were to go ahead and by some mischance Wales *did not this time, then I am* confident that the Welsh people would follow Scotland in a very short time," he said.

Northerners keep close watch on referendums

BY RHYS DAVID

WHEN the director of the Campaign for the North, Mr. Paul Temperton, travels south from his headquarters in Hebden Bridge, West Yorkshire, on business or for a weekend, he usually tells friends he is off to England.

Not everyone in the North has yet decided they live in what amounts to a different country but it is a clear sign, nevertheless, that the devolution debate in Scotland and Wales is having its echoes in England as well.

Mr. Temperton's organisation, founded two years ago and supported financially by the Rowntree Trust and in spirit by a handful of Labour and Liberal MPs, puts in more forceful terms arguments which are being voiced at a number of points in the political spectrum in the North.

While few people have even begun to think of regional assemblies within England, politicians of all parties point out that the North shares very many of the economic and social problems of Wales and Scotland.

Merseyside, for example, has a smaller population than Wales but a higher unemployment figure.

In terms of other indices of relative poverty or prosperity—levels of car and domestic appliance ownership, take-home pay and female activity rates—the North as a whole has much more in common with the two Celtic nations than with the English Midlands or South-east.

Without the devolution debate, the North might have been prepared to grumble on.

But the feeling has developed over recent years that the extra powers which Wales and Scotland already possess allow those two countries to enjoy considerable political muscle in the competition for resources—and stand to advance their position still further if and when elected assemblymen are sitting in Edinburgh and Cardiff.

This sort of fear is not the only reason why the results of the referendums will be looked at very closely throughout the North.

Like both Wales and Scotland, the North feels it has a distinctive identity which it wants to preserve and which is threatened by modern mass communications.

Among hardened Northern "nationalists," there is much grinding of teeth over the loss of regional radio—largely replaced by local radio stations—and the cuts which most national newspapers have made in their Northern coverage, further adding to what is seen as a prevailing southern bias in the media.

But while there is some unease this week at the possible implications of the result of the referendums, there is no real agreement on what the North's reaction should be in terms of the changes which could be made to the North's political institutions, or indeed on whether any are needed at all.

The Campaign for the North is strongly in favour of regional government but has so far reached the stage only of trying to gain a consensus on what the best way to divide the North should be.

Should it be one region corresponding to the area of the historic Council of the North of the 17th century, three areas—the modern economic planning regions—or two, divided by the Pennines?

Arguments along these lines go a long way further than most people in the North have yet begun to travel, though significantly, the number who would merely maintain the status quo is diminishing.

At the political level, the Labour Party's three regional councils in the North are all in favour of some transfer of power from local government to new regional authorities.

This policy has yet to be espoused among local Labour MPs, however, and meets with opposition from the tier of government which would be most affected, the big metropolitan counties.

Other bodies in the North, including the economic planning councils in both the North-West and Yorkshire, have put forward more modest proposals which would transfer more central government functions to the regions, though only to the civil servants established in the regional headquarters of the major Whitehall departments.

If a strong Scottish Assembly is set up, however, it will be the North-East, Scotland's nearest neighbour and strongest competitor for funds, which will be most closely affected.

It is here that the debate over the English reaction to devolution has gone furthest, though again without any real agreement emerging.

It was the North-East MPs who led the opposition to Scottish and Welsh devolution in Parliament, but within the Labour Party regionally calls for greater local control have now begun to emerge in much the same way as in Wales and Scotland in the 1960s.

While in some cases, as in the North-West and Yorkshire, this takes the form of demands for greater administrative devolution to the local regional Civil Service in Newcastle, others would like to see a strengthened economic planning council leading ultimately to regional government.

A further reason advanced for some form of democratic control at regional level, as in Wales and Scotland, is the growth of tiers of government covering services such as health or water. These are currently answerable only indirectly to the public and politicians.

While the debate on this issue is going to continue, one pointer to the way in which regionalism may develop has emerged from within the county councils in the North-East.

The four counties—Northumberland, Tyne and Wear, Durham and Cleveland—have formed their own organisation, the North-East County Councils Association, to take decisions on issues which transcend county boundaries.

Though the counties range in politics from rural Tory in Northumberland to hardcore Labour in Tyne and Wear, they have decided they should pool their views on such issues as provision of help to the arts, oversight of the North of England Development Council, the promotional body for the area, as well as more mundane issues such as waste disposal, through routes for lorries and provision of sites for gypsies.

Whether this or any other pattern for regional government becomes established in England is likely ot depend very much on the success of the new assemblies in Edinburgh and Cardiff if and when they are set up.

The debate in England has taken much longer to get off the ground but it is certain that every last advantage or disadvantage which Scotland and Wales secure from greater control over their own affairs will be closely monitored in the North.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● NAVIGATION

Eagle eye on the English Channel

THE NEW operations centre of the Channel Navigation Information Service (CNIS) now under construction at Langdon Bay, north-east of Dover, is to be equipped with an advanced automatic radar data processing system by Decca Radar, 9, Albert Embankment, London SE1 7SW (01-735 8111).

The centre, which will have 11 radar displays and a dozen visual display units with keyboards, has the task of keeping watch on the crowded shipping lanes in the Channel. The data system will accept radar information from scanners at Dungeness and St. Margarets Bay and data from a number of other inputs, using it to track selected targets (ships) continuously.

Facilities will be provided for the operators to recall, amend, or inter-relate the data as required, displaying it either in alpha-numeric form on their VDUs or in synthetic graphic form on a 23-inch area plot display.

There are two basic parts to the data system, an autotrack section which can acquire and track 250 targets, and a twin-mini storage and processing section which feeds displays, plotters, printers and a magnetic tape unit.

● BUILDING

Hydraulic piling machines

CLAIMED to be of interest to those concerned with piling work down to about 30 metres at 300 mm and 450 mm diameters are two Dowsett machines just being introduced. The prototype was designed and built in seven months and for nearly 18 months has been working on a number of sites without downtime.

Each machine carries its drilling mast at the back eliminating the need for a separate crane and making it a simple matter to load and unload with a low loader.

The smaller machine has been designed to work within confined spaces with headroom of six metres and site access of 2.5 m. The auger is 10 metres long with maximum depths obtained by attaching extra augers. The larger machine has a 20 metre mast and is also able to work in appreciably more confined spaces than conventional equipment. In average conditions it is possible to put 20 metres of auger into the ground at two metres a minute.

Heart of each machine is a hydraulic system originated in collaboration with Renold. This has enabled the functions to be driven and controlled through the main engine, eliminating the need for a separate engine and enabling the hydraulic power system to be positioned on the mast.

More from Dowsett Piling and Foundations, Market Flat Lane, Scotton, Knaresborough, N. Yorkshire HG5 9JA.

PETER CARTWRIGHT

● COMMUNICATIONS

Go-anywhere radiophone

APPROVED for use with the Post Office's Radiophone Service, a new equipment from Marconi Mobile Radio, Chelmsford CM1 1PL (0245 53221) can be used in, or away from the vehicle.

It is designed to fit in the corner of a car boot with the control unit and handset under the dashboard for use when the vehicle is on the move. By removing both units from the vehicle, taking less than a minute the equipment can be taken wherever it is needed.

Working from 12 volts, the radio is fitted with rechargeable batteries for use away from the vehicle and they will normally last all day without recharging. A desk-top charger is also available.

The equipment, which is made in Finland, has nine frequency channels; a 55 channel set has been submitted to the Post Office for approval.

Final stage of a government contract for the design and construction of a £250,000 piece of equipment for the UK's wave energy research programme is now under way at the Gas Turbine Division of Centrax in Shaldon Road, Newton Abbot, Devon (0626 2251). This picture shows the assembly of blades on an aluminium/bronze disc which will be the essential component of an air turbine driving a generator operated by the energy from the sea. *It has been found that* wave motion can be converted to cause air to flow through a turbine via a large chamber in which the air is alternately compressed and decompressed and the UK is providing a generating unit, manufactured by Centrax, for installation in a research vessel moored off the coast of Japan. A valve system in the walls of the chamber will direct the air flow through the turbine in one direction only and in turn the turbine will drive a generator to produce electricity. Centrax was awarded the contract for the generator by the Department of Energy through the Energy Technology Support Unit at Harwell, Berks, which acts as its agent in placing contracts for government funded research into renewable energy sources.

● PLASTICS

Reliable injection moulders

NEW British-built plastic injection moulding machines launched by Machine Tool Agencies (1972) include three machines initially, with clamping forces of 160, 250 and 400 tonnes.

Sperry-Vickers hydraulics are used throughout in conjunction with Sprecher-Schuh electronic control systems.

All the usual electrical interlocks are provided on the guarding system. In addition there is a progressive scotch bar mechanism which drops between the platens as the guards are opened.

With the progressive action, there can only be a maximum of 2 in of movement before the ram is physically restrained. This mechanism is a final fail-safe system to back up electro-mechanical interlocks.

All platens incorporate a hydraulic centre ejector. The injection screw is a direct drive design which is infinitely variable in the speed range 40-300 rpm for the two small machines and 10-180 rpm for the 400 tonne. All machines have a maximum injection pressure of 1,320 kilos per square cm.

Machine Tool Agencies, Wedgnock Industrial Estate, Rothwell Road, Warwick. 0926 46331.

Now made in UK

FIRST BATTENFELD blow moulding machine to be manufactured in this country has been sold to a UK company for the making of garden accessories. Completed by Gloenco of Droitwich (UK subsidiary of Gloucester Engineering, now member of Battenfeld Maschinenfabriken GmbH of West Germany), it is a model BEKB 25, fitted with a DC thyristor motor drive to the extruder and is equipped with a parison programming unit using photocells.

Advantage of such a programming unit is that the parison wall thickness distribution is relative to the actual length of parison, and, therefore, maintains optimum wall thickness of the product being moulded.

Machine is also fitted with a calibrating and stretching unit and can be fitted with an automatic take-out device if required. Blow pin angle can be adjusted up to 55 degrees from the vertical.

● TIMBER

Copes with big logs

A HORIZONTAL bandsaw for processing logs of any length has been introduced to the UK market by Danckaerts Woodworking Machinery, 2-6, East Road, City Road, London N1 6AG. Available in two sizes, the French-designed "CD" is a low-cost unit and is considerably less expensive than similar equipment currently marketed in the UK.

Either electric or diesel power is available and, depending upon the power source adopted and the species and size of the tree being processed, the "CD" has an average output of between 1 and 3 cubic metres per hour. Logs of up to 1.3 metres diameter can be handled by the smaller machine ("CD" 5), while the larger "CD" 6 will process 1.65 metre logs.

Thickness of cut ranges between 0.5 mm and 350 mm, obtained with a bandsaw of 120 mm width and 1 1/10 mm thickness.

Danckaerts Woodworking Machinery, 2-6, East Road, London N1 6AG; 01-253 7155.

View through the mist

APART FROM the annoyance it causes to wearers of spectacles and industrial goggles or visors, excessive misting can create danger in that people may not be able to see clearly through a steam-laden atmosphere while going about their tasks. This applies particularly in such environments as hotel and hospital kitchens and laundries, hairdressing salons and factory areas wherever steam is constantly present.

Mirrors in kitchens and bathrooms are all obliterated by steam, too, and their surfaces, along with glasses worn by sportsmen or athletes, need only be criss-crossed with a chemical stick and then polished off with a soft cloth to ensure clear vision, says Impact Clearstick, Powdene House, Pudding Chare, Newcastle-on-Tyne (0632 27900).

Once applied, the effect on glass or plastic is to clean and render a surface anti-mist and steamproof, and depending on conditions, surface should remain mistproof for days until ready for cleaning again.

Available in small sticks for carrying in pocket or handbag for personal use, Clearstick can also be supplied in a block for larger industrial applications.

Coating will repel algae

FREQUENT scrubbing and cleaning needed to remove algae from concrete tends to create the problem of roughening surfaces, which are then more susceptible to the growth getting a grip.

Following tests with two water authorities, an epoxy resin system to protect culverts and other water and sewage tanks against algae is introduced by Hermetite Products, Tavistock Road, West Drayton, Middlesex UB7 7RA (West Drayton 45511).

Coating is said to present a smooth surface denying the algae a key on the concrete so that it can easily be removed by soft brush or squeegee.

● PRINTING

Fast Braille typesetting

SINTEF, THE Norwegian Research Institute in Trondheim, has developed a Braille typesetting terminal and Norsk Data has extended its Nord text computer typesetting system to make use of it.

Now that the many books are set on computerised typesetting systems the text matter is generally held on file. Thus it can be converted automatically into Braille.

The traditional process involved embossing the Braille pattern on a metal plate and impressing this on to the paper. The new process is 10 times faster. And it can print on both sides of the paper instead of only one. The resulting books are not nearly so bulky. Corrections used to be a real problem because the pattern on the plate had to be changed. Now the equivalent technique is to bring up the text on a typesetting terminal, which can exhibit the Braille patterns, and make corrections on line, before the impression is made.

The new system is installed at a training centre for the weak-sighted called Tambartun. The system has fulfilled all expectations and is now being used to produce Braille textbooks for elementary school children.

Richard Norton (NORD), Nord House, 17, Balfe Street, London, N1 9EB. 01-278 5501.

● ASSEMBLY

Fabrications of all kinds

NEWLY CONSTITUTED Marcon Group (out of Marcon Fabrications, formerly Intep (UK)) aims to bring together steel fabrication, yacht building, dredger construction and optical comparators. It will operate from 30, Bancroft, Hitchin, Herts (0462-31241).

Formed in 1971 to serve the offshore and petrochemical industries, Marcon Fabrications established itself four years later in the field of module building.

First completed project, under its new name, is the building of the "largest spaceship ever made." This is a 65-ft diameter Millennium Falcon (spaceship piloted by "Star Wars" hero Hans Solo) reconstructed for the second film in the saga, to be called "The Empire Strikes Back."

The cinematic craft has a steelwork skeleton covered by a 6 mm plywood hull. It consists of 16 modular sections and a cockpit arranged around a central module—the shape being reminiscent of a flying saucer with two mandibles in front. Overall weight, "without cosmetics," is about 16 tons, and it stands over 5 metres high.

Marcon has a 14-acre site at Pembroke Dock where it intends to concentrate on more down-to-earth activity such as expansion into steel hull fabrication particularly for in-shore fishing fleets.

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

● HANDLING

Wheels within wheels

BY THE addition of a single set of steel flanged railway wheels mounted directly to the chassis, extra to standard road wheels (either set of wheels can be raised or lowered by inflating one set of air springs and venting the other), a truck trailer is able to run both on roads and railway tracks.

Developed by the Bi-Modal Corporation of Greenwich, Connecticut, and North American Car Corporation, structure of the trucks includes heavy-duty aluminium extrusion supplied by Kaiser Aluminium and Chemical Corporation, 25 Old Burlington Street, London W1X 1LB (01-437 8777).

Present models are designed to operate in complete trains, since they cannot be coupled to conventional rail trucks but other models soon to be completed, says the company, will include refrigerated vans, container chassis and hopper/tank car units.

● MAINTENANCE

Scrubber for big jobs

ABLE TO scrub in one hour an area as large as 8,000 square metres, yet operating easily in a 1.7 metre wide aisle, is Tennant's Model 550, launched by R. S. Stokvis and Sons, Pool Road, East Molesey, Surrey (01-941 1212).

It incorporates the maker's dual-scrub system which means it can pick up dirt, spillage, litter, glass, swarf, etc., while scrubbing. This, says the company, eliminates the problem of premature squeegee wear.

Solution tank of 530 litres capacity allows a total coverage of about 11,612 square metres between fills, and stainless steel recovery tanks, with three clean-out doors, ensure against corrosion.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The Frenchmen hoping to dig in down on the farm

BY JASON CRISP

A BATTLE royal is going on to win the hearts and wallets of the British farmer. The protagonists are the makers of rough terrain forklift trucks, who see a booming market for their products down on the farm. And that is no bad thing for them, given the sad state of the construction market, which is currently the largest outlet for their trucks.

These forklifts are not to be confused with those usually to be found in the warehouse. They are a specialised hybrid, a cross between a tractor and a fork lift. With big tyres, and often with four-wheel drive, they are capable of tackling the muddiest terrain.

There is a quite extraordinary degree of discord between the European manufacturers, who tend to throw as much mud at each other as their machines are supposedly capable of being driven in.

With their British counterparts the French manufacturers are particularly unpopular — especially Manitou, which has around half the total UK market for rough-terrain forklifts. There is even less agreement than in most industries between the manufacturers themselves about just how big the market actually is.

One manufacturer thought only 1,500 machines had been sold in the UK in 1978, whereas Manitou estimates it was between 2,000 and 2,536. Less partial observers put the figure at fractionally less than 2,000 and credit Manitou with half the market. For its part, Manitou states categorically that it sold 984 machines in the UK last year.

Quite how the market splits between agriculture and construction is also a matter of contention, but probably the best estimates are 40 per cent agriculture and 60 per cent construction.

There would appear to be three reasons why the company is so unpopular in the British industry: it is French, it has a very firm hold of the market and finally it is very aggressive. One company said that if one company's machine was stuck in the mire at an exhibition, the others would help pull it out but, "if it was a Manitou we'd leave it there."

Manitou is a subsidiary of the *privately owned French* construction equipment company Braud et Faucheux. The main factory is at Ancenis, which is on the lower reaches of the River Loire, an area better known for Muscadet wine than forklifts.

Its mainstream business used to be in making dumper trucks, concrete mixers and cranes, but since it developed the rough-terrain forklift truck in the early fifties these have accounted for less and less a proportion of the company's business, as forklift sales soared. It even makes rough-terrain forklifts for *International Harvester and Ford.*

Last year the forklifts accounted for 72 per cent of Braud et Faucheux's turnover of FFrs 251m. Of the remaining business, 19 per cent is in mixers and cranes, with the outstanding nine per cent in spares.

According to M. Roland Lepers, the commercial director, *the company* exported 39 per cent of its sales — mainly to Britain and Algeria, though it has a full marketing operation in Germany—and this year it *has ambitious plans to raise the* export ratio to 50 per cent.

In addition, it is currently negotiating with a UK manufacturer to assemble rough terrain forklifts in Britain. If it is successful, it will supply much of its UK market, as well as exporting to some Commonwealth territories.

The company was founded in the thirties. The original M. Braud died with the Resistance on the last day of the war, and until 1970 the company was run by his partner, M. Faucheux.

Manitou MB25: special machine for use on Britain's farms

Then he and the Braud family had a major dispute about the company's future. As the Brauds held the majority of shares it was he who left and Marcel Braud, son of the founding partner, who took over. He recruited a new management team, including M. Lepers, who *for 25 years had been a sales* manager at International Harvester. That year the company had sales of Frs 96m, and slightly less the next.

Manitou's penetration of the UK market has been aided by early acceptance of the rough-terrain forklift in the French construction industry. Sales in France of the Manitou peaked in 1973 to just over 2,800, which has only been matched in one year since: last year it sold only 2,350 in its home market.

With its established and relatively high levels of production, *the company was able to under*cut a number of British manufacturers. Manitou itself says its success in the UK owes much to the aggressive marketing operation.

So the company's recent growth has been fuelled by exports, of which the UK accounts for the lion's share—just over half. Algeria and the other ex-French colonies in North Africa account for 26 per cent of exports. But Algeria is not an ideal market in which *to be too heavily* entrenched, as relations between the two countries are not always harmonious, and this affects trade.

According to Lepers, Braud et Facheux is concerned *at the* high proportion of its business taken by the UK and Algeria. It is now concentrating on boosting a number of markets —almost everywhere except America—but particularly the Middle and Far East and Australia.

The company also wants to reduce its independence of Manitou on the construction industry. Agriculture is the obvious new area.

There are few European countries with as advanced agriculture as the UK though with labour continuing to be shed from the land on the Continent, farmers are becoming more inclined to buy capital equipment such as forklifts.

Though UK demand for these trucks is already very strong, it is still restricted mainly to the larger farms. But Manitou claims to have had particular success in selling to smaller farms—those between 250 and 600 acres which account for about half the total number of machines they are selling in agriculture.

But there are problems. Agriculture is a harder fought market than construction, with machines usually being sold one at a time, rather than in batches to plant hire firms. *And the* distribution system is different. Whereas the *construction* firms will deal with individual manufacturers' main dealers, farmers more usually use one specialist supplier for all their needs in agricultural equipment.

This has meant Manitou has had to set up a second-tier agriculture distribution network with established farm equipment dealers alongside its main dealer network.

The Ancenis factory where Manitous are made is one of *three owned by Braud et* Faucheux. One, in Poitiers, acquired in 1977, makes concrete mixers and dumper trucks while the original factory in Ancenis is still used for making cranes.

The main factory built in 1973 employs 700 people and it is company policy that this figure will not be exceeded because it is believed to be the maximum manageable unit. The company also has a policy of *not laying off people or making* them redundant on the grounds that guaranteed security gives a stable workforce. Braud et Faucheux boasts that its staff turnover is "virtually nil."

Even if the company is faced with recession, guarantee of employment should not prove too painful, because in addition to buying in most of its components the company also subcontracts a sizeable proportion of its work.

Nearly half of the manufacture is subcontracted out to a number of small firms in the surrounding areas, although all the assembly work is done in the factory.

So the bulk of the work done by Manitou is assembly and fabrication. Rather than on long production lines, each machine is built by a team of three or four workers, who assemble it from start to finish in an airy and modern factory.

Many of the bought-in components are from Britain, including 2,000 engine and transmission units from International Harvester. John Iles, managing director of the UK subsidiary—a 30-strong marketing operation based just outside Southampton—claims Manitou is a net importer from the UK.

The rough terrain forklifts made for International Harvester and Ford are the same as its own, except for their livery. Manitou says it is not concerned about eroding its own markets.

Roland Lepers claims: "They won't sell as many as we do because they don't know as well as we do how to sell these machines . . . we couldn't sell scrapers and crawler loaders." Last year the company made 580 forklifts for International Harvester—it has only just *begun making them for Ford* as well.

The company has aspirations to go public at some future date and remains very growth conscious. But *to find the sort of* growth it wants it is going to have to break a lot of new ground.

Not only does it face the hard task of penetrating the construction business in new geographic markets, but it must succeed in developing its sales to the agricultural industry, not only in Britain but elsewhere—including France.

Business books

The Businessman's Complete Checklist, by W. C. Shaw and G. J. Day. Business Books, London, £9.95. A reference work aimed at all levels of business. In a foreward, Sir Peter Parker, chairman of British Rail, comments: "The value of any checklist is not that it aims to teach necessarily, but aims to remind and provide a comprehensive process for decision making."

The Wired Society, by James Martin. Prentice / Hall International, Hemel Hempstead, £9.45. The author sets out to demonstrate how developments in telecommunications will affect the way society shops, banks, works, spends its leisure, educates itself and governs itself.

Nelson's Tables: Company Procedure, by C. N. Gorman, Oyez Publishing, London, £2.95. This sixth and revised edition, which now embraces procedures to follow in most company and insolvency affairs, includes sections on company formation, company meetings, increase in capital and other matters.

Public Relations for Marketing Management, by Frank Jefkins. Macmillan, London, £8.95. This aims to show how PR can enhance marketing, and practical examples are given of the role of PR in customer and distributor relations.

Financial Management Made Simple, by Wilfred Hingley and Frank Osborn. W. H. Allen, London. £1.95. This aims to provide an account of all major aspects of finance and its applications in businesses, both large and small.

Arthur Sandles joins the royal debate on industry's problem

Why class is behind 'poor communication'

IT WOULD be unfortunate if the row which followed the perceptive if provocative remarks about communications in industry were to prove more enduring than the remarks themselves. Communication is a real enough problem without one side tending towards the view that it does not exist and the other declaring it to be the touchstone of success or failure.

At the root of the problem in Britain is not the willingness of management to communicate with workers, although that may at times be in doubt, but the ability. In the UK the divisions between workers and management, particularly higher management, is alarmingly wide. The cultural and linguistic gulf between workers and management is more extreme than in most other western democracies.

"It's our kind of grub with the menu in French"

Gulf

We may joke about language—the workers visit the homes of relatives for dinner while management sees relations in their houses for lunch—but the gulf is bigger than that. Workers and management watch different television programmes, vote for different parties, play different sports, read different newspapers, fish for different fish and even eat different foods. A trout farmer once agonised to me the problem of selling his product when workers would not buy fish with the head still on, and the middle classes would not buy fish with the heads off.

This gulf is extraordinarily difficult to bridge even when the ambition is there. Industry often calls in (middle class) professional communicators and falls back on company newspapers, notice boards and even recorded messages. What directors are less willing to do is swop dirty jokes in the local pub, or even eat at the same lunch/dinner table. Chance meetings between board members and workers tend to be embarrassing affairs for both, with neither quite able to think of what to say. Should they talk about last night's game—what game?

In the U.S., Germany, the Benelux countries and Scandinavia there would seem to be a broad middle class with middle education and middle taste which, while present in Britain, is less of a cultural force. These middle classes find themselves wedged between top management and the workers, and are caught in the social cross-fire.

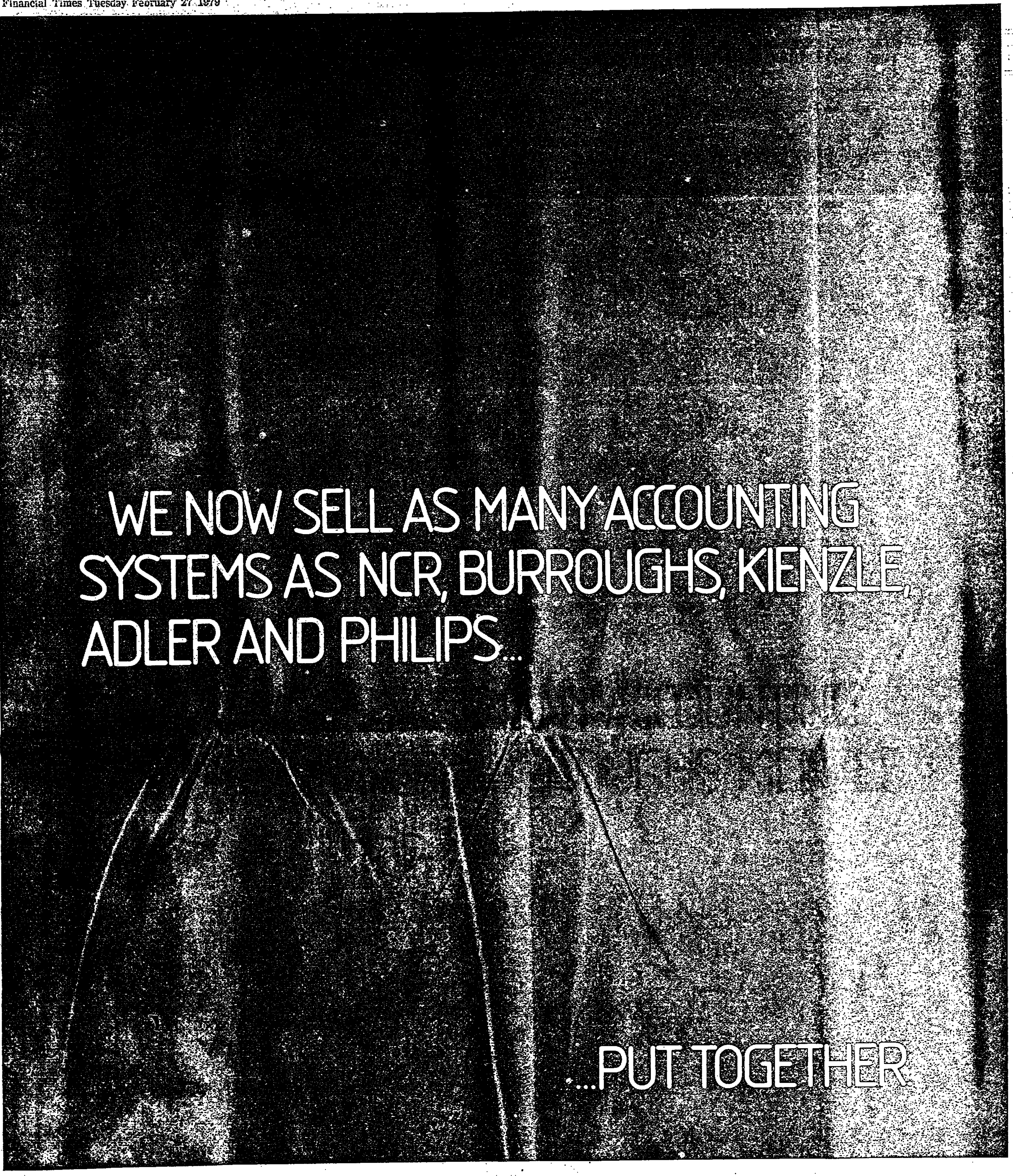
The net effect of the culture difference in the U.K. is that management comes to regard its workforce as brutish, inarticulate, stubborn and thick-headed. Workers regard management as secretive, elitist, exploitative and thick-headed. Both treat the other in the manner they feel their opposites deserve.

The fact that management and workers are unable to talk to each other is, however, the fault of neither. The social system of the UK is deeply rooted and to achieve a socially more egalitarian way of life is an enormous and long term task. We are a long way from the day when new employees with a British company will truly believe they might eventually take over the managing director's seat.

Nepotism

Meanwhile, the one hope is that management and workforce come to understand the differences. Perhaps a stage could be reached in which when a worker meets a director he feels only a difference of rank, not also a difference of *culture. This is not a political* cry. In neither the U.S. nor Russia is there quite the class nepotism that there is in the UK.

Bridging the gap is a major task for Britain and Prince Charles was right to spotlight it. The fact that reaction has itself been neatly divided along worker / management lines simply endorses the fact.



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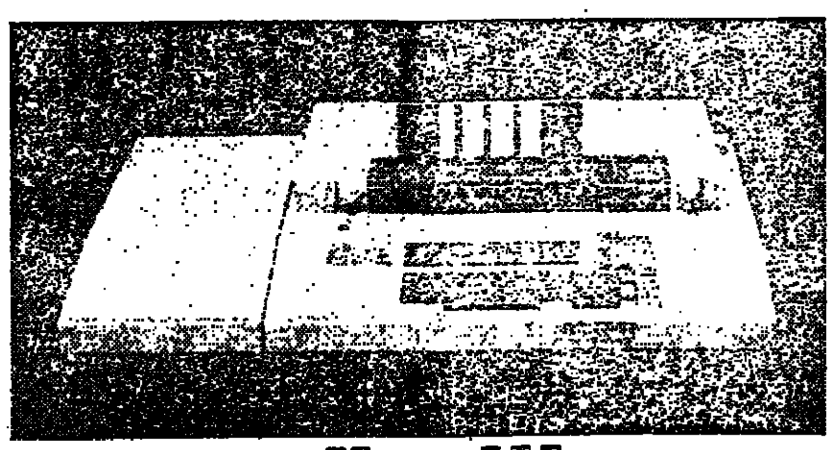

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Dunning, G. M. (W. J. Musson), Leicester
Dutton, A. R. (R. B. Briggs), Manchester
Dyke, P. C. (F. J. Haslam), Warrington

E

Eady, R. C. (J. Ward), Stoke-on-Trent
Eady, R. T. (G. M. Arrowsmith), London
Earle, G. W. E. D. (B. W. Pomeroy), London
Edkins, M. (R. E. Patterson), London
Edwards, J. D. (N. J. Masterton), Birmingham
Edwards, M. J. (M. G. Waller), London
Edwards, R. R. (R. J. Hayton), Aylesbury
Edwardson, T. W. (P. T. Masterson), Preston
Elkies, A. G. (M. E. Sargent), London
Elkington, P. M. (H. S. Brown), Birmingham
Ellis, A. T. (D. Snow), Manchester
Ellis, R. (B. M. Edwards), Grimsby
Emery, S. W. (R. M. Gordon), Southampton
Emm, A. T. (C. J. M. Smith), Birmingham
Emsley, C. (Mrs) (P. D. M. Lowry), Liverpool
Entekhabi, M. (The Lord Chorley), London
Etherton, J. R. (B. R. Creak), London
Evans, J. S. (J. A. Davey), Ipswich
Evans, D. M. (D. Staton), Manchester
Evans, D. C. (R. Bryce), Hull
Evans, G. H. (J. M. Jenkins), Cardiff
Evans, I. (M. J. D. Hanson), Manchester
Evans, J. N. (N. A. Colclough), Stoke-on-Trent
Evans, M. C. (F. Carbutt), London
Evans, P. M. (R. Barry), Middlesbrough
Evans, P. P. (C. A. S. Pain), London
Evans, R. H. (M. A. Wilson), London
Evans, S. R. (T. Hayes), Sheffield
Everington, M. G. (J. A. Marriott), London
Ewart, D. P. (G. A. Cargill), Leeds
Exley, I. J. (W. M. Caldwell), London

F

Fagiano, L. M. S. (Miss) (L. W. Law), London
Fairbrother, M. A. (K. Tembside), London
Fairhurst, M. (W. Tiplady), Manchester
Fairweather, I. M. (D. E. Hunt), Cardiff
Faiz Mahdavian, N. A. (J. T. Young), London
Farren, D. P. (M. P. Emery), Stoke-on-Trent
Farish, K. (T. M. Carmichael), Brighton
Farmer, J. A. (A. G. Turner), Leeds
Farmer, N. D. (J. Lister), Northampton
Farr, R. D. (A. Wilson), Leeds
Feare, W. R. (R. E. Hair), Lincoln
Fellows, B. (P. Ball), London
Fenton, R. G. (Mrs) (P. H. Collin), Wembley
Ferguson, R. L. (T. White), Liverpool
Ferguson, T. J. (T. M. Pragnell), Nottingham
Fielding, J. M. (M. E. Jones), Bradford
Fielding, R. (R. J. Barraclough), Bradford
Finlayson, M. J. (D. A. Hayward), Birmingham
Finnigan, L. W. (S. R. Hassell), London
Fishman, M. (B. M. Currie), London
Fitzgerald, C. M. (A. N. Bowen), Worcester
FitzGerald, P. F. (T. J. Jenkins), London
Flemons, A. M. (Mrs) (B. J. Whitehouse), Coventry
Fletcher, N. (F. S. Hawes), Bristol
Flint, R. T. (P. S. Blunden), London
Flippance, S. (Mrs) (M. J. Palmer), London
Fond, K. H. (Miss) (R. J. Bolger), London
Foong, V. K. (Miss) (T. J. Stone), London
Ford, S. E. (Miss) (W. J. Rainer), London
Forster, J. S. (K. R. Knight), Brighton
Forsyth, I. S. (D. G. Richards), London
Fowler, M. J. (R. N. Vincent), Port Talbot
Fox, A. K. (B. R. Curry), Liverpool
Fox, P. J. (A. F. Hogg), London
Fox, S. F. S. (Mrs) (D. L. Lux), London
Francis, G. E. (J. A. Potter), London
Francis, J. D. (K. W. Rennet), Llanelli
Francis, R. D. (M. A. P. Day), London
Frankel, R. (Miss) (M. Harris), London
Frape, A. C. (M. M. Willis), Leeds
Fray, K. A. (Miss) (M. E. Hasch), London
Freeman, J. (J. A. Allsopp), Shrewsbury
Frith, G. M. (Miss) (J. C. F. Tomlin), Manchester
Frost, M. J. (A. B. Burgon), Bramhall
Fryer, P. A. (J. R. Bostock), London
Furrer, P. S. (E. S. Downing), London

G

Gabriel, A. (A. H. Finn), London
Gale, J. R. (P. M. Gregson), London
Gale, T. M. (V. Ledger), Kingston-upon-Thames
Gale, R. J. M. (Miss) (R. A. Bailey), London
Gambrell, J. (Mrs) (H. Saker), London
Gardiner, J. D. (G. M. Laughton), Slough
Garlick, D. B. (W. D. Clay), Manchester
Garnsworthy, D. M. M. (Mrs) (P. J. Hughes), London
Garratt, R. (M. C. Clarke), London
Garratt, R. M. (R. G. Garrett), Bath
Gaskell, D. P. (B. G. Drew), Manchester
Gaunt, R. J. (C. H. Lunt), Birmingham
Gaunt, R. S. (R. H. L. Evans), Bristol
Gerrard, M. P. (G. E. F. Harding), Liverpool
Gibson, P. R. (G. Garrett), London
Gidlow, R. J. C. (B. S. Smart), Guildford
Gidney, D. G. (A. D. Salmon), Wisbech
Gilani, S. G. (R. Williams), Norwich
Gilbert, D. H. (B. G. Jones), Brighton
Gilbert, J. C. (Miss) (W. G. Pritchard), Walton-on-Thames
Gilbert, M. (H. W. E. Thompson), Manchester
Gill, T. S. (J. A. Napier), London
Gillingham, M. (J. N. Irvine), London
Ginn, R. B. (R. M. Ashcroft), London
Gleadon, A. W. (C. S. J. Lanham), Birmingham
Glover, S. (E. L. G. Healey), Manchester
Goddard, I. J. (G. A. Gracey), Leamington Spa
Godsmark, M. (K. Mashford), Worthing
Goff, M. C. (J. D. Curtis), Norwich
Goh, S. C. (S. D. Woolf), Oldham
Goldman, C. I. (W. F. Williams), Manchester
Goldman, R. (A. F. Allen), London
Good, M. S. (C. F. Musgrave), London
Goodchild, M. R. (R. Stewart), London
Goodliffe, J. E. (A. T. Mellor), London
Goonaratne, A. C. (R. Owens), London
Gordon, A. R. (M. Rubens), London
Gordon, M. D. (Mrs) (D. L. Hale), London
Gordon, S. (L. Watson), Sheffield
Gore, N. D. (I. D. Watson), London
Goring, A. R. (D. H. Bagley), Ilkeston
Gough, F. B. (G. M. C. Crowder), London
Gowans, N. J. (J. B. Allardice), Warrington
Graham, J. P. D. (P. B. Jones), London
Graham, L. (J. D. Berne), Cambridge
Grainger, B. R. (R. M. Sayer), London
Grant, K. W. (R. L. Dunlop), London
Grant, R. J. (P. L. Anger), London
Grantham, M. F. (J. W. Lotherm), Dorking
Gratton, S. C. P. (I. P. A. Stitt), Leeds
Gray, S. S. R. (Miss) (R. A. Webb), Manchester
Green, A. R. (P. Varney), Coventry
Green, D. (G. Hardy), Harrow
Green, P. A. (B. C. Pike), Southampton
Green, P. R. (R. R. Constantine), London
Greenhalgh, W. K. (Miss) (N. A. Sinclair), Nottingham
Greenhill, W. J. (J. S. Price), Bishop's Stortford
Greenwood, M. J. (Mrs) (C. F. M. Hawkins), Clifton
Greenwood, R. (G. L. Kitchen), Keighley
Greenwood, R. E. (D. H. Thompson), London
Gregory, P. M. R. (R. S. Reade), St. Leonards-on-Sea
Grice, P. J. (Mrs) (J. S. Reddish), Birmingham
Griffiths, C. G. (H. Pakeman), Bristol
Grimwood, M. A. (P. I. Holland), Watford
Griswold, J. M. (E. L. C. Swaysland), London
Guan, M. (G. Tyrer), London
Gunn, P. G. (G. Jordon), Nottingham
Guy, P. M. (J. G. Lawrence), London

H

Hadfield, B. (Mrs) (B. F. Burns), London
Hadley, M. J. (J. L. Castle), Birmingham
Hallgarth, C. J. (I. P. Jaffe), Manchester
Halliday, G. (P. J. Fayers), London
Halford, T. J. (J. P. Davey), Ipswich
Hall, A. J. (J. H. Sibley), Bristol
Hall, R. H. (R. F. Luckett), Birmingham
Hallett, S. C. (J. H. Williamson), Cardiff
Halliday, S. (D. T. Dowell), Manchester
Hamblin, B. J. (F. R. Dixon), Leicester
Hampson, K. (M. R. Ratcliffe), Birmingham
Handley, D. M. (W. Ball), Bolton
Handley, W. D. (M. G. Chessley), London
Harding, C. A. (M. R. A. Bishop), London
Hanford, D. J. (R. D. Dunn), Nottingham
Hanworth, P. R. (D. H. Adler), Norwich
Haq, M. (M. R. Hinton), London
Hardy, D. P. (D. M. James), Portslade
Hardy, I. (R. H. L. Humphries), Sheffield
Harker, R. R. (R. Moore), Nottingham
Harper, F. E. (Miss) (A. E. Wilkinson), Nottingham
Harper, P. (P. D. Jones), Worthing
Harrington, D. A. (R. D. Tomlinson), Carlisle
Harris, B. J. (J. H. Wilkinson), Southampton
Harris, D. A. (R. R. Stewart), Manchester
Harris, J. (D. J. Gibson), London
Harris, J. P. (P. B. Stockill), London
Harris, V. J. (Mrs) (P. J. Reynolds), Rochdale
Harrison, C. F. (J. P. Bevan), Liverpool
Harrison, E. H. (J. B. James), Manchester
Harrison, P. (P. Hankinson), Hull
Harrison, S. P. (D. B. Vaughan), London
Harrison, T. C. E. (M. J. Moore), Leeds
Hart, J. M. (Mrs) (M. G. Weller), London
Hartley, M. D. (R. M. C. Bird), London
Harvey, E. G. (J. N. Deakin), Nottingham
Harvey, R. G. (J. B. Stuttard), London
Harwood, A. B. (J. N. Morris), London
Hatton, D. S. M. (D. C. Goldsmith), London
Hawkes, B. J. (J. P. Clements), Ipswich
Hawkins, D. S. (H. J. Solomon), St. Austell
Haydon, G. D. (D. S. Poynter), London
Hayland, J. M. (Miss) (J. E. Richardson), London
Heilbronn, C. J. W. (E. S. Woolley), London
Hellewell, P. J. (N. D. Redford), London
Hennessy, R. P. (D. W. J. Young), London
Hepworth, D. A. (H. N. Shaw), Dewsbury
Herman, S. P. (P. A. Davis), London
Herriott, S. J. (Miss) (W. A. Honey), Eastbourne
Hertzberg, S. J. (N. R. Cohen), London
Heslop, H. (Mrs) (H. J. L. Sykes), Bishop Auckland
Hewitson, P. C. (R. R. Stewart), Manchester
Hewitt, R. (G. J. A. Glover), Chester
Heywood, A. (R. W. Thoburn), South Shields
Hickinson, N. T. (J. W. Rhodes), Leeds
Hickman, R. W. (D. A. Adams), Grimsby
Hicks, E. E. (Mrs) (A. Lucas), London
Hickson, T. (D. W. Dunkeley), London
Hill, J. J. (P. J. Butler), London
Hill, L. P. (Mrs) (A. G. Williamson), Cambridge
Hillier, R. M. (G. R. Culms), Bristol
Hilton, A. (A. Rigby), Chorley
Hindoche, V. T. (J. T. Frankel), London
Hinds, M. (P. M. Johnson), Liverpool
Hirst, C. T. (R. Sunderland), Bradford
Ho, S. (Miss) (P. W. Owen), London
Ho, Y. (P. C. J. H. Franklin), London
Hoare, S. J. (P. Lipman), London
Hobson, S. (A. M. Terres), Manchester
Hodgson, A. (D. C. Stephenson), Newcastle upon Tyne
Holder, P. M. (Mrs) (B. Scott), Darlington
Holbrook, C. M. (S. K. Elgar), London
Holcombe, J. D. (D. C. Burgoyne), Exeter
Holland, V. (Miss) (K. Blezard), Blackpool
Hollands, C. (R. D. Robinson), London
Hollins, R. (P. D. Newell), Liverpool
Holloway, S. R. (I. K. Gillanders), Canterbury
Hopewell, J. S. (R. J. Langley), Leicester
Horsman, P. J. (D. H. Harding), London
Houlden, M. R. (J. M. Andrews), London
Howard, D. S. (W. D. A. Carter), London
Howard, P. (S. Howard), Stockport
Howe, G. (Miss) (A. J. Albury), Maidstone
Howell, M. J. (J. R. Hetherington), London
Howell, R. (M. A. Cooper), London
Howes, R. M. (A. R. Green), London
Hoyle, J. R. (J. Clegg), Rochdale
Hudson, F. S. (D. A. Hayes), Leeds
Hulland, D. J. (C. J. Strong), London
Hunter, J. D. (R. H. Boddington), Leicester
Hunt, K. A. (A. G. Walley), Liverpool
Hunt, M. A. (C. Hill), Derby
Hunt, M. P. C. (M. J. Blackburn), London
Huntingford, R. N. (D. B. Vaughan), London
Hutchinson, D. W. (G. Hopper), Stockton-on-Tees
Hwang, B. S. (Miss) (K. A. Okinee), London

I

Ilott, M. W. (H. A. Burt), Birmingham
Ingram, K. (M. S. Wilson), London
Iqbal, M. A. B. (B. J. Herring), London
Ives, D. J. (G. A. Williams), Newport, Gwent

J

Jackson, T. L. (G. L. Feldman), London
Jarvis, E. W. (J. M. Andrews), London
Jarvis, M. A. (Mrs) (A. S. Price), Leicester
Jay, C. M. (A. A. Forwood), London
Jefferies, R. (F. C. Flood), London
Jenkins, J. C. S. (J. Costain), London
Jenkins, P. A. (J. A. M. Wechsler), London
Jenkins, R. J. (P. J. Butler), London
Jennings, A. R. (Miss) (J. Bullock), London
Jhingoor, S. H. (J. Edelman), London
Jivraj, M. T. M. (Miss) (E. S. Whitfield), Bristol
Johnson, D. P. (B. Gillies), Coventry
Johnson, G. A. (G. R. Edwards), London
Johnson, M. A. (A. W. W. Baldwin), London
Johnson, T. C. (I. Mills), London
Jones, A. G. (R. Christie), Leeds
Jones, F. N. (D. Thomson), Liverpool
Jones, G. A. (L. Wright), London
Jones, G. D. (Miss) (J. H. Rhodes), Leeds
Jones, G. W. (D. L. Morgan), Winchester
Jones, K. W. (B. Marsh), Cardiff
Jones, M. H. (B. Morris), Cardiff
Jones, M. L. (A. M. Bolton), London
Jones, R. A. (J. A. Cribbes), Slough
Jones, R. T. (F. Attwood), London
Jowett, J. (R. Brandt), London
Joy, P. K. (B. J. Wilson), London
Judd, C. (A. G. Campbell), Glasgow
Jury, T. D. H. (P. T. Masterson), Preston

K

Kachani, A. (J. W. Stewart), Manchester
Kalachand, A. K. J. K. (P. C. MacNamara), London
Kan, B. A. C. K. (C. P. King), Birmingham
Kandappu, S. R. (Miss) (C. Parker), London
Kane, C. (N. E. Dunning), Stoke-on-Trent
Kapnisi, M. S. (A. J. G. Cotton), London
Karim, A. (P. R. Robinson), London
Karim, K. R. (D. Webster), Manchester
Kassam, A. H. E. (M. T. Nemko), London
Kassamali, N. (A. Feldman), London
Kay, G. (G. E. Hemmings), London
Katz, S. (J. F. Keane), London
Keisner, M. A. (C. J. Chalkley), London
Kennedy, J. A. (R. Hayton), Manchester
Kerr, H. C. (Miss) (C. R. Stevens), Aylesbury
Khanna, R. R. (B. J. P. Cotton), London
Kho, Y. H. (W. Szymon), Leicester
King, P. A. (Miss) (E. L. Less), London
Kingdom, S. C. (M. J. Bolton), Droitwich
Kitchen, P. D. C. (J. S. B. Barton), London
Knee, P. H. C. (R. Cooke), Birmingham
Knight, C. C. (P. J. Dolan), London
Knight, M. R. (J. A. Napier), London
Kok, P. P. T. (B. E. Nichols), London
Konrad, T. J. (C. Bull), London
Kopec, M. K. (D. G. Sherriff), London
Koska, E. (M. J. Palmer), London
Koudaris, V. C. (B. M. Currie), London
Kowenick, R. A. (G. R. S. Elcombe), London
Kraner, R. S. (J. R. N. Irvine), London
Kryzak, G. A. (B. S. Silverman), Manchester
Kubinski, J. A. (R. S. Armitage), Huddersfield
Kwan, E. K. H. (Miss) (C. Morgan), London

L

Labrum, M. G. (T. P. Coatsworth), London
Lakhani, M. A. (M. M. Dawson), London
Lam, S. S. Y. (E. Denham), London
Lambert, C. J. (A. A. Beveridge), Newcastle upon Tyne
Lambert, N. J. (E. L. L. Jones), Newcastle upon Tyne
Lamond, A. E. (Miss) (R. Hale), Birmingham
Lancashire, J. C. (B. G. Jenkins), London
Lander, J. (Mrs) (J. E. Trickett), London
Lane, J. (A. J. Stewart), Leeds
Langridge, C. T. (H. Povey-Greenwood), London
Lapinskas, M. A. (Miss) (D. F. A. Davidson), London
Lapper, S. J. (E. W. Hoult), Newcastle upon Tyne
Lardner, W. J. (I. M. Smith), Birmingham
Latham, C. J. (V. A. Sankey), Manchester
Lawley, K. J. (Miss) (P. E. Whitaker), London
Lawrence, P. A. (L. Baker), London
Le Druillenec, P. V. (D. E. A. Morris), London
Le Provost, K. L. (E. E. Vines), Guernsey, CI
Leach, G. J. (R. Naim), London
Leahy, M. J. (A. E. Percival), Manchester
Lee, Y. H. (P. J. Jeffries), London
Leece, I. (B. C. Stone), Leeds
Leedale, J. M. (A. Oakley), London
Leeson, A. L. (F. Corbett), London
Legg, P. E. (T. W. Binding), Yeovil
Legg, S. M. (J. J. G. Snitzer), London
Leigh, A. M. (R. Bird), Sheffield
Leigh, G. W. (T. Bell), London
Leitch, A. R. (J. W. Lew), London
Lennon, C. (J. S. Shaw), Leeds
Lennox, I. (P. W. Lee), Waltham Cross
Leonard, A. (C. Walkden), London
Leonidou, L. (S. S. Shaw), London
Lester, I. D. (M. Ward), South Shields
Letza, S. R. (M. Vickers), Leeds
Leung, C. T. (P. S. Hawkings), London
Levin, C. M. (Miss) (R. Thompson), London
Levy, P. G. (D. W. Lunt), London
Lewis, A. M. (P. C. Rodd), Swansea
Lewis, D. R. (J. F. Lyon), Southampton
Lewis, P. M. (R. E. Nichols), London
Li, Y. H. (P. W. Allen), London
Lilley, F. A. (G. C. B. Gidley-Kitchin), London
Lim, S. Y. (B. I. C. Hermann), London
Lim, K. Y. (J. J. Reddish), London
Lim, S. J. (J. E. Grande), London
Lin, S. L. (R. R. Cole), London
Lindley, L. M. (Miss) (J. S. Glover), Leamington Spa
Lindsell, A. P. (D. A. Lewis), London
Linnell, C. S. H. (M. Morton), Derby
Lipinski, M. A. (R. E. C. Shaw), Leeds
Little, J. (W. H. Greenwood), South Shields
Little, R. A. (D. B. Gibbs), Bristol
Littlejohn, D. P. (J. A. P. Whinney), London
Liu, T. S. (S. Serkin), London
Livesey, V. J. (Miss) (D. A. Wilde), St. Albans
Lloyd, D. (Mrs) (H. North), Bradford
Lloyd, J. (J. R. Stacey), London
Lloyd, D. P. (J. W. Burnell), London
Lo, R. M. (A. P. Ward), London
Loe Wing Fai, L. S. (M. S. Samuels), London
Loh, W. L. (Mrs) (P. Creasy), London
Lopez, S. A. (J. J. Lopian), Manchester
Loudon, R. A. (M. E. Lemmit), London
Love, G. C. (M. J. Arnold), London
Lovett, M. H. (W. Lodder), Kingston upon Thames
Low, K. T. (N. K. Atkins), London
Lowcock, M. (Miss) (A. S. Grant), Leeds
Lowe, C. D. (R. S. Kettel), Birmingham
Lowe, J. N. (R. S. Jones), Birmingham
Lucas, G. D. (J. Whitley), Bedford
Lumb, R. P. (B. R. Dunn), Nottingham
Lumley, E. (M. A. R. Jenkins), London
Lunt, M. K. (P. Thomas), Cambridge
Lusted, M. C. (J. S. Pritchard), London
Lyons, M. A. (W. D. Davies), Manchester

M

McCallum, K. M. (Miss) (J. White), London
McConnell, S. R. (G. R. G. Phillips), Birmingham
McDonald, I. R. (C. H. Clark), London
McElhinney, J. B. (C. W. Smith), Ipswich
McGoldrick, M. J. (Mrs) (R. D. Scott), Birmingham
McGowan, M. A. (B. Gay), Southampton
McKenzie, P. A. (P. B. Cottingham), Sheffield
Mackenzie, R. J. (A. Wall), Birmingham
McLachlan, R. J. (A. E. Wheatley), London
McLarty, M. C. (M. A. Parry-Wingfield), London
McLean, J. M. (M. Charlton), London
McMahon, P. (R. W. G. Lewis), Bristol
Madan, C. (Miss) (J. S. Jones), Manchester
Madge, C. W. J. (G. A. Willis), Manchester
Maguire, P. D. (D. J. Broderick), St Annes-on-Sea
Mahoney, P. W. (D. S. Jenkins), London
Makey, M. (A. E. Wheatley), London
Makhija, R. (D. B. Vaughan), London
Malhotra, A. P. (D. F. Harvey), London
Mallett, C. J. (F. C. C. Bennigsen), London
Mallon, T. J. (S. Manning), Hereford
Marcus, M. D. (F. B. Bloomfield), London
Marsh, J. J. P. (A. G. Bogie), London
Marshall, J. R. (W. J. Cutten), London
Martin, J. P. (J. R. M. Crosby), London
Martin, R. J. (A. E. Wilkinson), Bristol
Martin, I. (Miss) (J. Chatfield), Stoke-on-Trent
Mason, B. R. (A. W. Pate), Birmingham
Mason, W. F. (R. Kellett), London
Mathews, M. (Mrs) (G. G. Mills), Birmingham
Mattoli, P. H. (M. R. Sherlock), London
Mavor, A. C. G. (Miss) (A. Whiting), London
May, M. P. A. (R. Callard), Chelmsford
Mead, A. J. (J. J. Ray), Bradford
Meakin, M. D. (R. Alder), Nottingham
Mehta, J. D. (G. F. Kay), Leeds
Melrose, R. J. (P. G. Shabby), Sheffield
Melvin, M. J. (B. J. Howe), London
Merrick, J. M. (B. P. Nunn), Hull
Metcalfe, C. G. (B. J. Dale), Birmingham
Michael, S. M. (D. J. Young), London
Middlemass, M. C. (Mrs) (M. A. Chamberlain), Leicester
Middleton, A. J. (L. F. D. Hill), Liverpool
Mildham, C. C. (F. W. Davis), London
Millener, P. A. (R. F. Lucas), Bristol
Miller, A. G. (G. Gibbons), Bristol
Miller, D. J. (Mrs) (C. Jaynes), Birmingham
Miller, M. J. (P. S. Newman), Brighton
Millington, P. R. J. H. (H. D. Hepworth), Sheffield
Milton, S. R. (Miss) (W. G. Caldwell), London
Moffat, W. (R. S. Liddell), Carlisle
Moffatt, S. (F. W. Smith), Bristol
Mohamed, I. S. (B. E. Nichols), London
Mojah, R. (C. Butterworth), London
Mooney, P. A. (Miss) (A. J. Thornley), London
Moore, A. D. (H. J. Leadley), London
Moore, C. R. (D. J. Hickmott), London
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Taylor, R. J. (P. Dashwood), London
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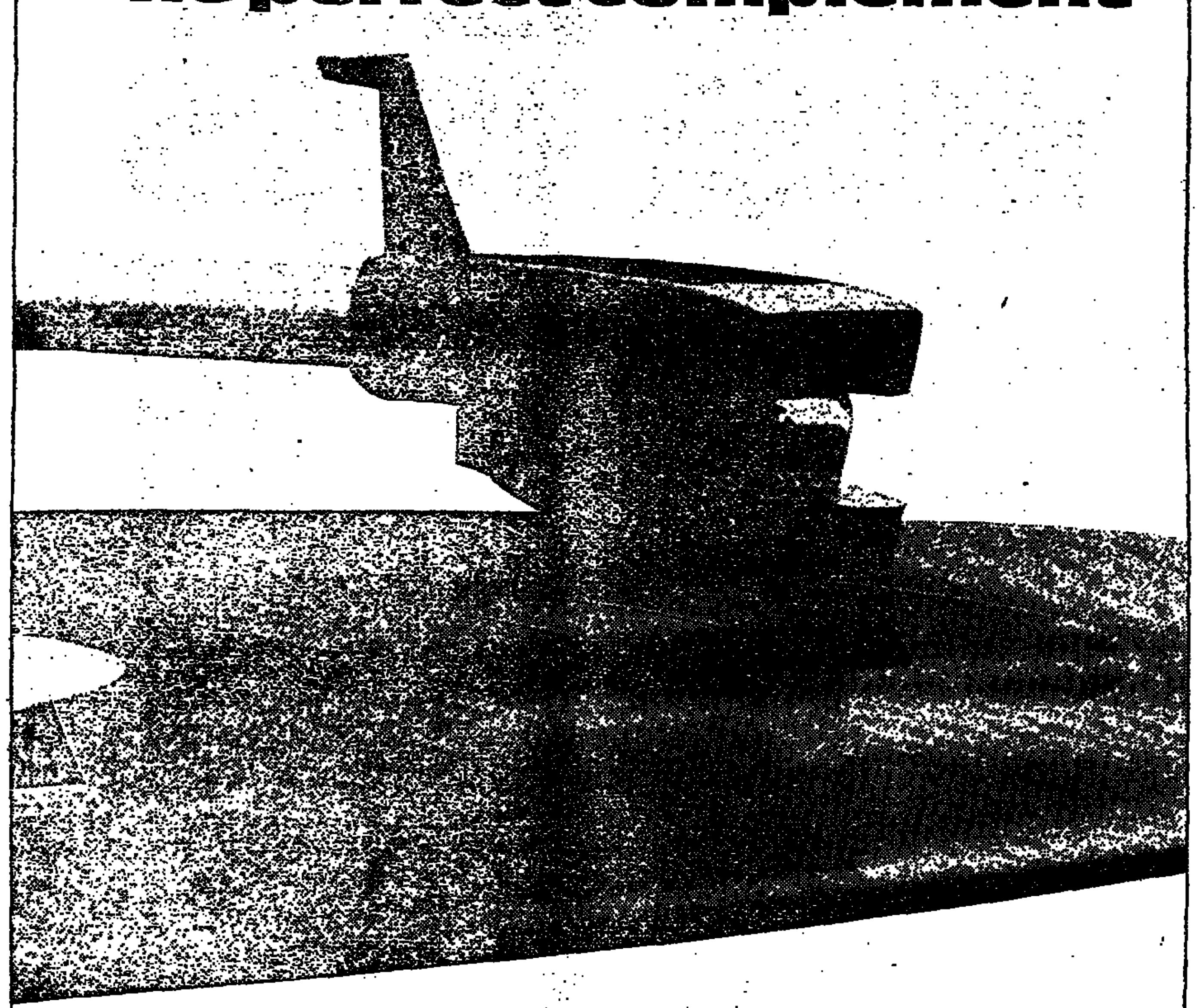

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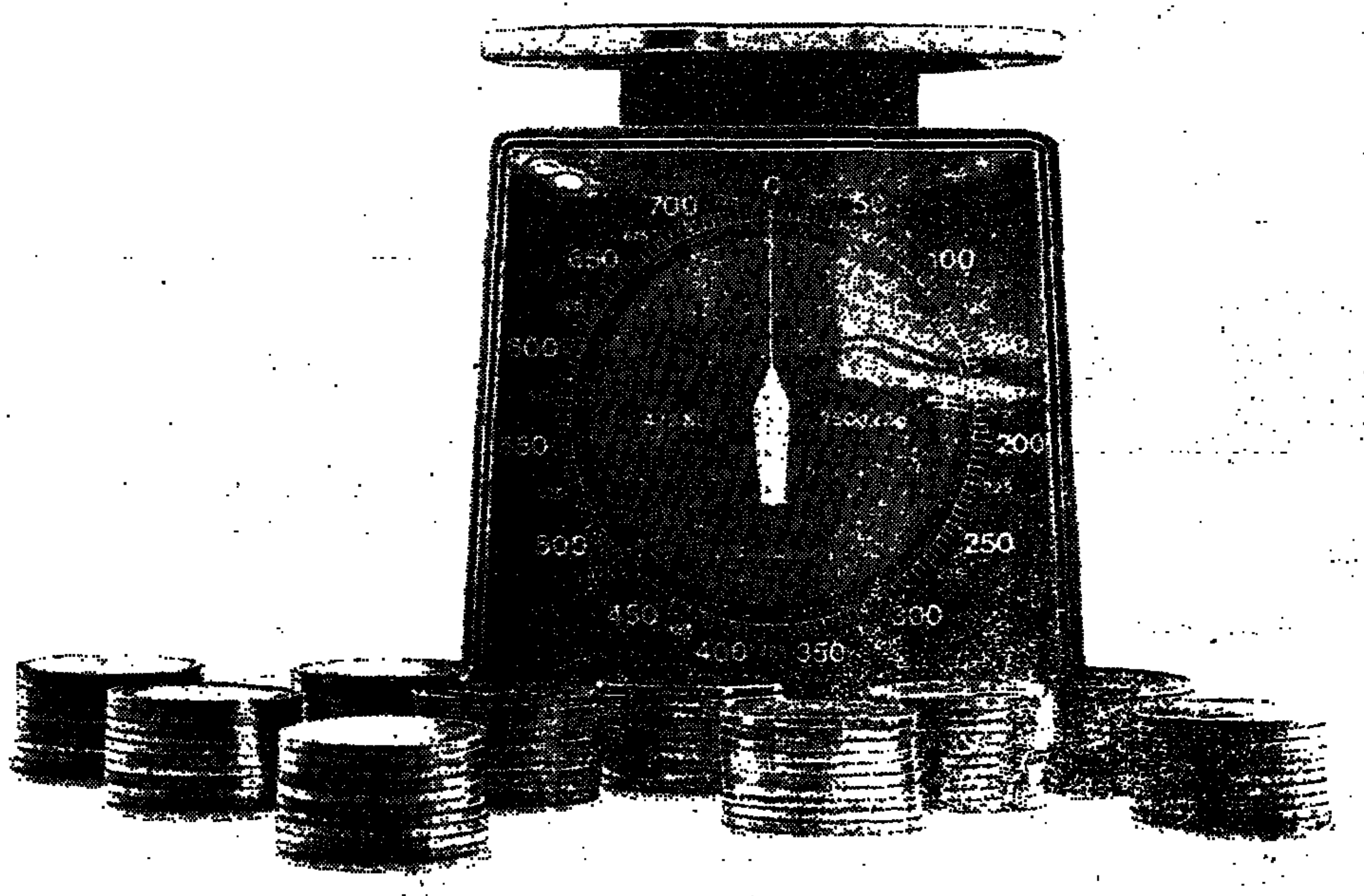

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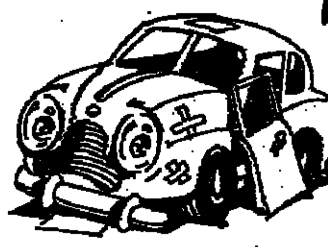


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—O!—

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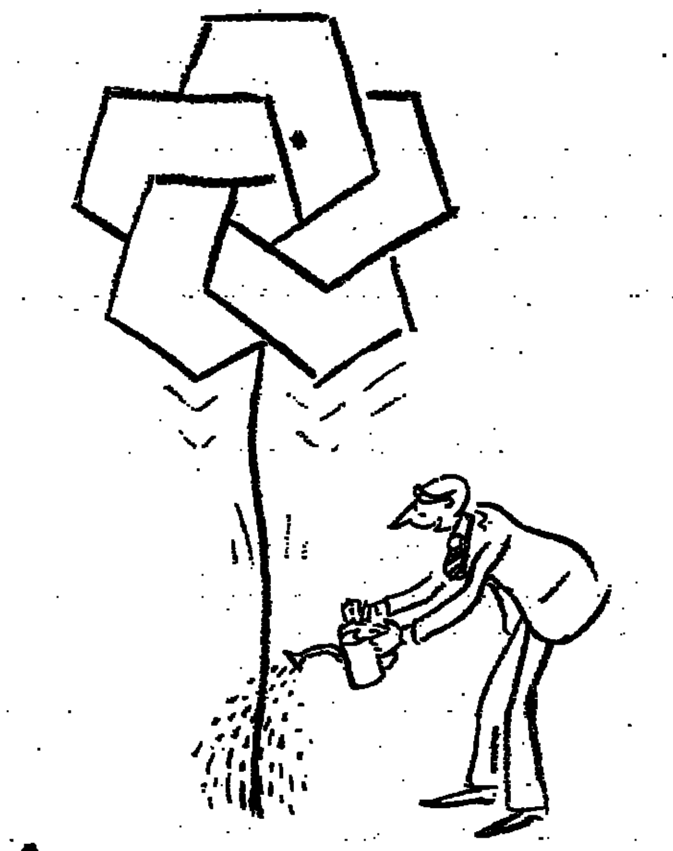

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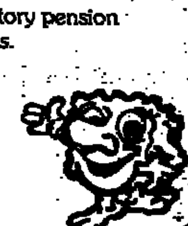

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THE JOBS COLUMN

Big, but fastidious, demand for graduates

BY W. P. KIRKMAN

WHAT IS called the Lent Term at the University of Cambridge, and its equivalent at "other places," is traditionally the graduate-hunting season. We are now more than half-way through it, and it is possible to make some sort of assessment of the employment prospects for graduates as they appear, from this particular vantage point.

It can be said at once that the prospects are pretty good. A few weeks ago the Association of Graduate Careers Advisory Services, the association's Central Services Unit, and the Standing Conference of Employers of Graduates produced their annual short-term predictions of supply and demand. These spoke of an overall increase of about 10 per cent in the jobs for which graduates were being sought. The evidence supports the predictions.

There are more employers in the market, some of them for the first time. Many of the regulars are looking for more graduates than they did last year. Industry in particular is seeking increased numbers — having attracted more in each of the past three years than it did in the doldrums of the early 1970s.

Writing about the recent short-term predictions of supply and demand this year, the regular writer of this column commented in the Financial Times of January 20 that university careers advisers had caught the occupational disease of marketing, in that they had begun to believe their own sales talk. The fact that, collectively and in collaboration with the employers, we advisers have been getting things right, is perhaps an understandable reason for satisfaction.

Nevertheless, the warning is timely. There is a danger of becoming obsessed with the statistics to the point of forgetting what is involved in human terms, and what employers are actually looking for.

Plenty

In the simplest statistical terms, demand for graduates today can be seen as having returned towards the position in the 1960s. By then, graduates had been "discovered," notably by industry as a "good thing." All forward-looking organisations needed them, wanted more of them than they could get, and set out with enthusiasm to recruit them. This is, of course, rather a caricature of the situation, but it is not a totally inaccurate one.

The change in the early 1970s when many industrial employers stopped recruiting or drastically reduced their targets, came as a dramatic shock after the earlier abundance of jobs. The past two or three years have, in a sense, returned us to a position of high demand. Meanwhile, students have apparently recovered their willingness to respond to companies' offers, which was diminished for some years by the cuts in recruitment, so as to restore equilibrium between demand and supply.

Employers are now offering plenty of jobs to graduates, and there are plenty of graduates looking for them. What could be more simple?

It is not in fact quite as simple as that. The return to high demand has been accompanied by a far more discriminating approach to recruitment, and the basic minimum of qualifications required is more precisely defined.

This is not to say that the requirement is necessarily for graduates who have studied particular subjects. Certainly many companies would be glad to find more engineers, more computer scientists, and so on. For large numbers of jobs still, however, the subject of study is not especially important, which gives us in the United Kingdom a potential advantage. In many other countries there is a rigid relationship between subject and job, so that a change in demand can lead automatically to unemployment for people studying certain subjects. UK employers' willingness to take on people regardless of academic discipline, however, is not at all the same thing as willingness to be bemused by uncritical addiction to the cult of the omni-competent amateur.

Attitude and aptitudes matter. Basic competence with figures is frequently important. It is becoming the more important as the tasks to be carried out by managers depend more heavily on the understanding and analysis of numerical information.

Paradox

The movement towards a more careful and critical assessment of needs, and of the candidates coming forward to fulfil them, parallels the changed attitude to the higher-degree graduates of business schools, discussed in the Jobs Column on February 6.

The result is an apparent paradox: although there are plenty of jobs available for graduates, the final-year students who are seeking them are required to take the process seriously, to devote a great deal of time to it, and to apply quite widely if they are to be reasonably sure of engagement. For some, inevitably, success in the job-search will not be achieved —sometimes because the aims of the searchers are unrealistic. But even the most obviously employable, with wholly realistic and sensible goals, cannot afford to assume that they will drop effortlessly into an appropriately shaped hole.

Another paradox is that some employers are not attracting enough applicants to enable them to have a reasonable field for selection. Obviously if the potentially good candidates were to steer themselves towards such employers, they would gain success the more easily. But it is of course difficult to know in advance where there will be too many candidates, and where too few, particularly when the total number of employers is high. (More than 250 have arranged recruiting visits to Cambridge this term, and there are many more recruiters who do not visit.)

Moreover, so much time do the serious candidates devote to the search for employment that their academic work sometimes suffers. For such people the sensible course may be to concentrate on the examinations and to leave the job-applications until later. After all, in spite of the graduate-hunting season, recruitment is an all-the-year-round activity. Many employers would accept this as reasonable. But the decision is a difficult one for a final-year student to take, knowing that by concentrating on the exams, he or she will certainly miss some of the possible career opportunities.

Considered

Perhaps the most important implication, however, is that there is a need for all concerned to be clear as to what graduates are recruited for. They are not taken on because they are a "good thing." They are not offered employment as a reward for their academic achievement.

They are rather considered for employment because they can be presumed to be of high intellectual intelligence, and to have the capacity to apply that intelligence to the problems of industry, commerce or other sectors of activity.

Graduates receive offers of jobs if they can demonstrate some understanding of these problems, and some evidence of that capacity. Understanding that is likely to lead to a more realistic assessment of their employment prospects, than is a simple, sanguine response to the knowledge that the number of jobs on offer is high.

Bill Kirkman runs the Careers Service at Cambridge University.

LOMBARD

Back to the 'BP solution' again

BY COLIN JONES

SELLING OFF a slice of equity in the more saleable nationalised industries so as to convert them into part-private enterprises is generally known in the shorthand of political discussion as the "BP solution." The idea has never caught fire but it tends to surface whenever the Conservatives have won a general election (as in 1970) or look as if they may do so (as now).

The advantage that would appeal most to an incoming administration at the present time is the benefit to the Exchequer if equity were raised from private investors to finance expansion in the more profitable nationalised sectors, or to redeem past National Loans Fund debt in those, like gas, which are already fully self-financing.

Degree

The scope for cutting the public sector borrowing requirement would obviously be limited both by technical factors and by the willingness of investors to risk their money in government-owned enterprises, and would certainly be far smaller annually than the £500m raised two years ago by selling off some BP stock. But it could help.

The PSBR effect is however only part—and a relatively minor part—of the argument. The case for the BP solution basically rests on the all-round effect of widening the degree to which the state industries are open to market forces. If they have to rely upon the financial institutions for part of their capital, they would be under much greater pressure to base their financial planning and investment decisions on sound commercial lines and this, in turn, could help to restrain the influence of purely political (i.e. Ministerial) pressure.

At the same time, the acceptance of outside equity holdings at parent or subsidiary level would facilitate diversification. It would be technically easier to participate in joint ventures; and host countries abroad would be less likely to object to direct investment by businesses not solely in U.K. Government ownership.

The existing public corporations would have to be re-constituted as companies under the Companies Acts, and a host of other technical issues would need sorting out (such as employee shares, and the case for initially issuing convertible loan stock). But it would not be as if we were entering wholly uncharted territory. There are many "mixed enterprises" abroad in which state or local authorities are content to have only part-ownership, in some instances of less than 50 per cent.

Indeed, the practice is common. Examples range from Volkswagen, Veba, Lufthansa, and RWE, the largest electricity utility, in Germany, CFP and Elf-Aquitaine in France, and the Japanese and Dutch airlines to (if one is to balance the picture) Finsider and other IRI companies in Italy.

Though most UK state industries face far more market—and technological—risk than is commonly supposed, there could be genuine objections to private investors getting a slice of the action in state-protected monopolies — say, in the PO telecommunications business. However, if structural change was not feasible (or was politically unacceptable and therefore unlikely to be lasting), the answer might be to create special regulatory agencies (as in the U.S.) or give the Office of Fair Trading and the Monopolies Commission a clearer supervisory role under the "abuse of dominant market power" principle.

Membranes

This would remove the "control of monopoly" case for Ministerial intervention. But would this and the presence of substantial minority interests be sufficiently strong membranes to head off all Ministerial involvement? This is the key question on which the success of the BP solution would undoubtedly stand or fall.

There has never been a consensus on the objectives of nationalisation in the U.K. Successive Governments have invariably pursued some concept of the public interest which they believe overrides purely commercial considerations; and attempts to separate out the two have rarely succeeded (compensation is no answer where the costs of pursuing a non-commercial objective are not readily quantifiable).

However, all experience here and abroad shows that in the long run State enterprises succeed only when they have to operate in a full risk environment. If the BP solution were to help bring that about it is worth serious consideration.

Changing price of a glass of bonhomie

WINE

BY EDMUND PENNING-ROWSELL

IS WINE now too expensive? Faced with this question, even most people familiar enough to drink it regularly—say, several times a month—are likely to say yes. Cut-price "bargains" apart, the lowest price that assures one of a fairly reliable glass of wine is about £1.35 a bottle, and nearer £2 might be safer; around £1.70. This is a noticeable outlay, particularly if one is buying two or three bottles for the family Sunday lunch or for entertaining guests. Then there will probably be the aperitif beforehand: sherry, vermouth or gin. For quite a *modest occasion*, it is not difficult to lay out £10: and that for fairly standard stuff. If one is considering fine vintage wines with some maturity, though not very important classed-growth clarets or grand cru burgundies, then one can add another £5 or £6 to the bill. Rising even higher, though without touching the top wines, the total expenditure on aperitifs and wines for a party of six can easily be as high as £25. This assumes purchase at current prices rather than drawing on reserves of wine acquired some time back at much lower figures in money terms.

Yet it is fair to ask those who would answer this question in the affirmative whether they have always regarded wine as expensive. We are not thinking of those far-off days before the last war when 2s 6d would secure a bottle of what appeared to be reasonable claret or burgundy, and 4s for a bottle of good sherry. For if we were around then, we might also remember that we were probably not earning all that much; and some were not earning at all.

In fact I am inclined to believe the British have always thought wine on the expensive side. If this assessment is broadly correct, then is wine dear on an objective estimate of what an average-priced bottle costs in relation to other consumable commodities regularly bought, or is it a subjective evaluation on a par with such remarks heard over the years as "books are expensive"?

If the former, the first thing to note is the depreciated value of the pound sterling. The £1 of ten years ago had buying power three times what it has now. Most foods are between two and something over three times dearer than they were a decade ago. How do wines show up? The position is complicated in Britain by frequent changes in duty and the introduction of VAT. From November 1968 until the March 1969 Budget the duty on a bottle of beverage wines was 4s 3d (21p) and 8s 3½d (42p) on fortified wines. In a Wine and Spirit Association report on taxation of wines and spirits, published at the beginning of 1971, a typical bottle of table wine was priced at 11s (55p) and of fortified wines £1. Today the duties respectively are 54p and either 67.6p or 79p according to strength: to which has to be added 8 per cent VAT. With so much price-cutting about it is difficult now to establish standard prices, but if we settle on a modest £1.50 for a table wine, it is not difficult to secure a reputable dry sherry, such as Harvey's Luncheon Dry, for £1.75.

From this it may be argued that whether or not wines are expensive, they are not necessarily dearer than they were ten years ago: rather the other way round. And sherry, in particular, is very modestly priced.

On the other hand, Britain's fixed duty system, irrespective of cost or quality, hits very hard the low-priced wines that most people here drink. (Though if it were changed to an *ad valorem* basis, to secure what the Treasury would consider an adequate return on the large revenue-producing low-cost wines, the duties on the higher qualities would be so astronomic as to place them even further beyond the reach of wine drinkers. As it is, the duty on a bottle of Midi wine is the same as for one of, say, Ch. Mouton-Rothschild, though, obviously, the VAT will be much higher than on the latter. So in that respect non-vintage "running wines" (*vins courants*) are a good deal more expensive here than in their countries of origin. This is no new thing. Even 20 years ago, when the inexpensive, fair quality bottle of wine cost around 6s (30p), the duty was 2s 2d (11p).

One reason why we may think wine expensive is that other things we are practically obliged to buy, whether goods or services, cost so much more now that we have less spending money left for wine. Most of us grumble at the price of, say, meat, but we buy it, if less than we used to do: or petrol or fares. For the more expensive of cash-costing items we have little alternative. This, however, is not true for wine: for somehow, somewhere there have always been bottles well below the average price. This is partly due to the EEC "wine lake" because we are a very important highly competitive import market for wines of the world. It is not so much that wines of comparable quality have gone up, as that lower-priced alternatives have been available. For example, one firm's "house claret" that I know was 10s 9d (54p) ten years ago and is now £1.50 no less good in quality, and now carrying a tax element of [illegible] 68p, compared with 21p in 1968. Yet there are plenty of drinkable wines [illegible]. Indeed it is still possible [illegible] only 99p for a bottle, [illegible] ticularly enjoyable. So while thanks to inflation, many items on the household list are reckoned dear but essential, wine is considered an expensive supplement to the domestic budget, especially perhaps now that the housewife is said to be a major wine buyer.

Oddly enough, wine may often be thought more expensive than spirits, and in terms of alcohol this is true, for a bottle of gin or whisky is more than three times stronger than a normal table wine. To consume a bottle of whisky or gin a week may be thought normal where an equivalent outlay on wine would be considered an extravagance. But then other people's luxuries always seem more spendthrift than one's own.

At the lower end of the price range I believe wine to be dearer than it should be, largely owing to taxes. At the other end of the scale the top quality wines are very expensive, because of the limited amounts available to meet world-wide demand. This is particularly true of leading clarets and burgundies, whose prices are [illegible] related to production costs. Whether for the experience and enjoyment such wines are "worth the money" is a matter of cash availability, spending priorities and personal interest. But I believe that in terms of quality the best value in wine has [illegible] in the £3 or £4 bracket: and in terms [illegible] 1969 money this is not too expensive.

This is written before the [illegible] Budget [illegible] which we [illegible] threatened, and before [illegible] drinkers should take [illegible] action. Yet [illegible] if not strengthened. The higher the duties, the less good value the cheaper wines, and the better the higher [illegible] would apply less if VAT were to [illegible] substantially. Whether, of course, after taking account of other tax rises [illegible] we can afford the better value is another matter.

Airy Fairy can take honours

RACING

BY DOMINIC WIGAN

J. WARD HILL, the Stevenage-based bookmakers, sponsors three races at Huntingdon this afternoon.

As well as supporting the Racegoers Club concession day programme, the company will be entertaining nearly 500 pensioners.

Most interesting event, in my opinion, is the Ward Hill Handicap Hurdle over 2½ miles. I shall be disappointed if the winner does not come from a trio made up of Balteus, Dolly Dickens and Airy Fairy.

Balteus, a French-bred son of Baldric II, has been showing useful form and was the comfortable conqueror of Funchal at Nottingham in November. David Ringer's five-year-old gained another success defeating Iver by four lengths at Warwick last time out, despite ploughing through the final fence.

Dolly Dickens, a Double-U-Jay mare, six pounds beneath Balteus in the handicap, might also have scored last time out but for an error at the final flight. As it was, she went down narrowly to Something In Hand in Leicester's three-mile Mistletoe Novices Hurdle.

Airy Fairy, alongside Dolly Dickens on 10 stone mark at the foot of the handicap, gained his second success here with a 2½-lengths win over Loch King running on strongly when hard-pressed.

Although a veteran at 11, Airy Fairy remains a useful performer and I am hoping that his liking for this track will see him returning a third course victory.

Although Tony Dickinson's Rathgorman could not produce the pace to cope with Lord Greystoke and Alverton in Wetherby's Castleford Chase last time out, I believe he is good enough to defy 12 st 1 lb in the Ward Hill Handicap over two miles and 100 yards. Mr. James Lilley's seven-year-old had previously scored at Uttoxeter and Market Rasen. He will not need to put in a world-beating performance to concede weight to the nine beneath him.

For the best bet of the afternoon, backers may be advised to pick Salutiferous, who will have the assistance of the champion, Jonjo O'Neill, in the Ward Hill Top Table Hurdle. Knocked out of contention through interference at an early stage in a race at Windsor last week, the Sallust colt had earlier made his mark at Fakenham, beating Derring Gitt by eight lengths in the valuable Cromwells Night Club Juvenile Hurdle.

HUNTINGDON

1.30—Aytidefs
2.00—Vaunted
2.30—Airy Fairy*
3.00—Rathgorman*
3.30—Salutiferous**
4.00—Charbonnier
4.30—Silverbridge

TV/Radio

BBC 1

† Indicates programme in black and white

7.05-7.55 am Open University (Ultra high frequency only). 9.10 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Playboard. 2.00 You and Me. 2.14 For Schools, Colleges. 3.25 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School (As BBC-2 11.00 am). 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Star Turn. 5.05 John Craven's Newsround. 5.10 Grange Hill.
5.35 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 The Osmonds (London and South-East only).
7.15 Blake's Seven.
8.10 Dallas.
9.00 News.
9.25 Play for Today.
10.40 Tonight.
11.20 On the Rocks.
11.45 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 6.45-7.15 Amateur Boxing (S.A.B.A. Championships, finals). 10.40 Tuesday Night: Last of three discussions on a Scottish assembly, including Referendum Report. 11.20 On the Rocks. 12.15 am News and Weather for Scotland.

Wales—10.00-10.20 am and 2.32-2.52 pm Y Ysgolion. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.10 Pobol Y Cwm. 7.40-8.10 A Question of Sport. 9.05 Welsh Referendum Debate: Ie Neu Nage? 10.10 Croeso. 10.30-10.40 St. David's Day Preview. 11.20 Dechrau Siarad. 11.45 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.45-7.15 Make Mine Country. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.45-7.15 East (Norwich) Daly on a Tuesday; Midlands (Birmingham) Look! Hear!; North (Leeds) The Object in Question; North East (Newcastle) Looks Natural; North West (Manchester) Bernl and Stu; South (Southampton) Hey Look ... That's Me!; South West (Plymouth) Peninsula; West (Bristol) Sports Show.

BBC 2

6.40-7.55 am Open University.
10.30 On Union Business.
11.00 Play School.
2.30 pm The Business World.
3.00 Behind the Scenes.
3.30 Signs of Trouble.
4.00 Conversazioni.
4.50 Open University.
6.55 Schubert 1797-1828.
7.25 Animated Conversations.
7.30 Mid-Evening News.
7.40 The Master Game Trophy Chess Tournament.
8.10 Life on Earth.
9.05 Call My Bluff.
9.35 Man Alive.
10.25 Sacha Distel and Guests.
11.15 Late News; Weather.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 12.00 Issi Noho. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News, plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.25 Tuesday Matinee: "Ten Tall Men." 4.20 Pop Gospel. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames At 6.
6.25 Help!
6.35 Crossroads.
7.00 Give Us A Clue.
7.30 Charlie's Angels.
8.30 How's Your Father.
9.00 ITV Playhouse.
10.00 News.
10.30 Once In A Lifetime.
11.15 For Better, For Worse.
11.45 In Concert: Madeleine Bell.
12.15 am Close: Jo Maxwell Muller reads an Old Testament story.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 3.20 Out of Town. 3.50 The Electric Theatre Show. 6.00 About Anglia. 7.00 Bygones. 11.45 Police Surgeon. 12.15 am Christians in Action.

ATV

1.20 pm ATV Newsdesk. 2.25 The Tuesday Movie "Death Be Not Proud." 5.15 Mr. and Mrs. 6.00 ATV Today. 7.00 Emmerdale Farm. 11.15 Butlins Grand Masters Darts Championship. 11.50 Something Different.

BORDER

1.20 pm Border News. 2.00 Houseparty. 2.25 Raffles. 3.20 Bygones. 3.50 Untamed World. 5.15 Out of Town. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.45 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's on Where. 2.60 Raffles. 3.20 *The Practice*. 3.50 *You're Only Young Twice*. 5.15 Mr. and Mrs. 6.00 Report at Six. 7.00 Treasure Hunt. 10.28 Channel Late News. 11.45 Police Surgeon. 12.10 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 2.00 The Regions Report. †2.25 Tuesday Matinee: "Carve Her Name With Pride," starring Virginia McKenna, Paul Scofield and Jack Warner. 5.15 Mr. and Mrs. 6.00 Grampian Today. 6.05 Out of Town. 7.00 Scotland: The Vital Decision. 11.45 Reflections. 11.50 Bryan Taylor—The First Time. 12.15 am Grampian Late Night Headlines.

GRANADA

1.20 pm Dodo. 2.25 Raffles. 3.20 Out of Town. 3.50 You're Only Young Twice. 5.10 Max the 2,000 year-old Mouse. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 University Challenge. 11.45 Oscar Peterson Presents.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 The Regions Report. 2.30 The Tuesday Matinee: "McNaughton's Daughter," starring Ricardo Montalban and Vera Miles. 5.15 Malotocna. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Survival. 7.00 Mr. and Mrs. 7.30 *22—Rescue You*.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 9.00-10.00 The Welsh Assembly. 10.30 ITV Playhouse. 11.30-12.00 *World in Action*.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News, Road and Weather. 2.25 Fireside Theatre. 3.20 Regions Report. 3.50 Out of Town. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Steve Jones Illustrated. 7.00 Emmerdale Farm. 8.30 Thingummyjig. 11.15 Living and Growing. 11.45 Late Call. 11.50 Stars on Ice.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Raffles. 3.20 The Family. *5.15 Sinbad Junior*. 5.20 *Crossroads*. 6.00 Day by Day, including Southsport. 6.45 Dick Barton—Special Agent. 7.00 Emmerdale Farm. 11.15 Southern News Extra. 11.25 Our People. 11.55 Police Surgeon.

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.25 Raffles. 3.20 Untamed Frontier. 3.50 Bailey's Bird. 5.15 Mork and Mindy. 6.00 Northern Life. 7.00 Emmerdale Farm. 11.45 Epilogue.

ULSTER

1.20 pm Lunchtime. 2.00 Regions Report. †2.30 Tuesday Matinee: "Carve Her Name With Pride," starring *Virginia McKenna and Paul Scofield*. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 11.15 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Raffles. 3.20 The Practice. 3.50 You're Only Young Twice. 5.15 Mr. and Mrs. 6.00 Westward Diary. 7.00 Treasure Hunt. 10.28 Westward Late News. 11.45 Police Surgeon. 12.10 am Faith For Life. 12.15 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 Raffles. 3.20 Calendar Tuesday. 3.50 The *Entertainers, featuring Vince Hill*. 5.15 Doctor on the Go. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm.

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Mike Read. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am: As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S), including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. *12.30 Pete Murray's Open House (S)*. 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Ray Moore (S). 6.45 Sports Desk. 7.02 On the Third Beat (S). 7.30 Folk 79 (S). 8.02 Tuesday Night is *Gala Night (S)*. 9.02 Jay Wallace presents Those Musical Years (S). 9.55 Sports Desk. 10.02 Laughter in the Air. 11.02 Brian Matthew presents Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music with Ruth Cubbin (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (s). 8.00 News. 8.05 Morning Concert (s). 9.00 News. 9.05 This Week's Composer. Bridge (s). 9.50 Mozart String Quartet in D minor (s). 10.20 Concert Club (s). 11.30 Otakar Ostrcil: An appreciation by Dr. Bedrich Belohlavek, with records (s). 12.15 pm Cardiff Midday Prom, part 1 (s). *1.00 News. 1.05 The Arts Worldwide. 1.20 Cardiff Midday Prom, part 2 (s).* 2.00 Music at St. George's, Bristol (s). 3.00 Quintet of Winds (s). 3.45 Don Quixote (s). 4.55 Jazz Today (s). 5.25 Homeward Bound (s). ‡5.45 News. ‡5.50 Homeward Bound (continued). ‡6.15 At Home: *Heinz Holliger's oboe* recital. 7.10 Gradus ad Parnassum concert: Vivaldi, Beethoven (s). 7.30 BBC Manchester Master Concert part 1: Beethoven (s). 8.25 Two Views of the Byzantine World. 8.45 Master *Concert part 2: Schoenberg, Wagner* (s). 9.30 Death Takes a Holiday: The making of the opera "The Emperor of Atlantis" (s). 10.15 Five Sarcasms by Prokofiev (s). 10.30 Frank Bridge (Talk by Trevor Bray) (s). 11.10 *Building a Library of records (s)*. 11.55 News.

VHF ONLY—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, Magazine, including: 6.45 Prayer for the Day. 7.00, 8.00 Today's News; 7.30, 8.30 News headlines; 7.45 Thought for the day. 8.45 Fellow-Townsman. 9.0 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-Minute Theatre. 11.30 All We Want is Hour Happiness. Bryan (Frederic Raphael reads his own short story). *11.45 Listen With Mother*. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Islands Discs. 12.55 Weather: programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's *Hour*. 3.00 News. 3.05 A Tail of Two Beetles. *3.35 Fame is the Spur* (s). 4.30 Announcements. 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Just A Minute (s). 7.00 News. 7.05 The *Archers*. 7.20 *Referendum File On 4*. 8.00 Second Time Around looks at re-marriage. 8.45 Scientifically Speaking. 9.30 Kelcidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The News Quiz. 11.00 A Book at Bedtime. 11.15 *The Financial World Tonight*. 11.30 Referendum Report. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. From 12.00—As Radio 2.

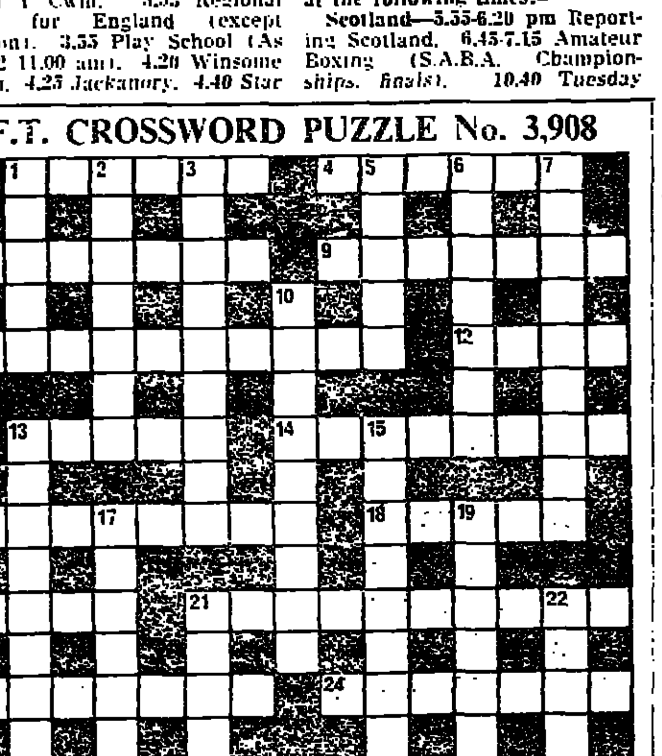
London Broadcasting

5.00 am Morning Music. 6.00 AM: News, information, travel, sport. 10.00 Brian Hayes. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (s). 9.00 Michael Aspel (s). 12.00 Dave Cash (s). 3.00 pm Roger Scott (s). 7.00 London Today (s). 7.30 Adrian Love's Open Line (s). 9.00 Your Mother Wouldn't Like It with Nicky Horne (s). 11.00 Tony Myatt's Late Show (s). 2.00 am Duncan Johnson's Night Flight (s).

F.T. CROSSWORD PUZZLE No. 3,908



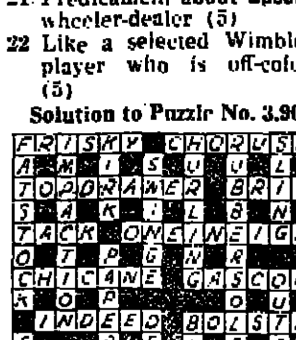
Across

1 Powerful family at sea with industrial giant (6)
4 Bully boy (6)
8 Wise man arranging single performance by Scotsman (7)
9 Cloth binding two male beasts (7)
11 Nothing elaborate to eat for fool taking taxi (6, 4)
12 Sarah goes to the East-end with sailor (4)
13 Extra shares allow South Carolina to rest in peace (5)
14 Ridicule is no good when one is old (8)
16 Steal commonly for short measure (4, 4)
18 Credit frequently given to small-holding (5)
20 Female article on Juno (4)
21 Sign by the way to handle mail (6, 4)
23 Fell European gets sack (7)
24 Merchant ship taking care of flower (7)
25 New start to copy railway linen (6)
26 Floor put in shop before end of May (6)

Down

1 Master alternative to one antipodean (5)
2 Motorist setting down passenger in liquid dispenser (7)
3 Nearly approach in a threatening way (5, 4)
5 Draw out key to Mussolini (5)
6 Carry boy through tackles (5, 2)
7 Train easily digested warning to followers by the way (4, 5)
10 Manner in which rump is trailing badly (3, 6)
13 Settle harmoniously into temporary bed (5, 4)
15 Avoided being forcibly submerged abroad (6, 3)
17 Incriminating conspiracy just winning at snooker (5, 2)
19 Speaker against work being given to model (7)
21 Predicament about upsetting wheeler-dealer (5)
22 Like a selected Wimbledon player who is off-colour? (5)

Solution to Puzzle No. 3,907.



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA [illegible]

[illegible]

THEATRES

[illegible]

SAVOY THEATRE. Credit Cards [illegible] TOM CONTI ACTOR OF THE YEAR West End Theatre Award in PLAY OF THE YEAR WHOSE LIFE IS IT ANYWAY? by Brian Clarke [illegible] urge you to see it [illegible] 5.45 and 8.45 [illegible]

STRAND. 01-836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE— WE'RE BRITISH LONDON'S LONGEST LAUGH OVER 3,000 PERFORMANCES

ST. MARTIN'S. CC. 01-836 1443. Evgs. 8.00. Matinees Tues. 2.45. Sats. 5.00 and 8.00. AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST-EVER RUN 27th YEAR

TALK OF THE TOWN. CC. 01-734 5051. Air-cond hencd. [illegible] Dancing [illegible] RAZZLE DAZZLE at 11.00 [illegible]

THEATRE UPSTAIRS. [illegible] Fri. 7.30. Sat. 7.30 [illegible] WINSTON NTSHONA in FULL FRONTAL by Michael Hastings

CINEMAS

[illegible]

ODEON. Haymarket. (930 2738-2771) MAGIC (X). Sep. perfs. Wks. 2.15. 5.15. 8.15. All seats bkble at Box Office or by post.

ODEON. Leicester Square. (930 6111) ASHANTI (AA). Sep. progs. Daily, doors open 1.45, 4.45, 7.45. All seats bkble at Box Office or by post. From March 20, Neil Simon's CALIFORNIA SUITE (AA). All seats bkble at Box Office or by post. BOX OFFICE NOW OPEN.

ODEON. Marble Arch. W2. (723 2011-2) Farrah Fawcett-Majors, Jeff Bridges in SOMEBODY KILLED HER HUSBAND (A). Sep. progs. Wks., doors open 2.15, 5.00, 7.05.

PRINCE CHARLES. Leic. Sq. 01-437 8181. IN PRAISE OF OLDER WOMEN (X). Sep. perfs. dly. (inc. Sun.) 12.40, 3.10, 5.25, 8.35. Late show Nightly 11.15. Seats bkble. Lic'd Bar.

STUDIO 1 & 2. Oxford Circus. 437 3300. 1. An all-star cast in Robert Altman's A WEDDING (AA). Progs. 2.20, 5.10, 7.55. Late Show Sat. 10.45 pm. 2. Agatha Christie's DEATH ON THE NILE (A). Progs. 2.30, 5.25, 8.10. Late Show Sat. 10.40.

ADVERTISEMENT

AMOCO 1—Amoco's Cat Cracker will start production in 1981. . .

Amoco set for growth

Ted Northcote, Marketing Director, Amoco (UK) Ltd. Facing a testing marketing challenge

LAST MONTH'S announcement by Amoco (UK) and Murco that they were going to upgrade Amoco's oil refinery at Milford Haven by the addition of a catalytic cracking unit presents Amoco with a marketing challenge which will test the company's mettle over the next three years. For the £83m "cat cracker" takes half the low grade, low value heavy fuel oil, and recycles it into high grade, high value gasoline for the petrol pumps. Currently, after refining crude oil, some 50 per cent remains as residual heavy fuel oil. When the investment starts to produce results, in 1981, Amoco plans to more than double its sales through retail outlets. A strategy is being *developed now to ensure that* the transition to a much higher level of activity, boosting Amoco's market share from the current level of 2 per cent of the UK petrol market to around 3.8 per cent, will proceed smoothly and successfully.

What makes Amoco's task even more of a challenge is that competitors are also adding "cat crackers" to their refineries and will also be trying to expand their market share. Fortunately the market looks set to grow.

The forecasts are that the 14m cars on the road today, will have increased to 20m by 1990. By the mid-eighties, supply and demand are expected to be in reasonable balance in the UK, *however, in the early years, as* the new capacity comes on stream, we are likely to see some fierce competition for *market share.* Amoco is determined to secure its share.

Market research findings suggest that Amoco starts with a *good name in those parts of the* country where it has a significant presence — basically, a hundred mile wide corridor *running between London and* Liverpool, the heartland of the country which Amoco made its first target when it set up *operations in the UK in 1962.* As a further area of research, two advertising agencies have been commissioned to study the possible value of a supportive advertising campaign to aid the sales expansion. Amoco recognises that it will need an innovative approach to activate its objective and it is evident that a number of other developments are also under careful consideration behind closed doors."

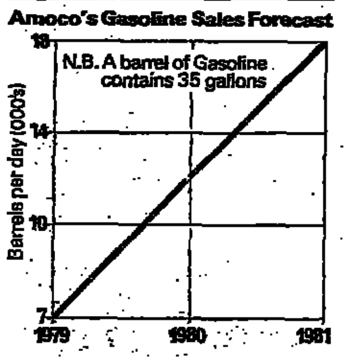
The basic way in which Amoco intends to more than double its sales is by increasing the number of forecourts selling its petrol. The major drive, and the biggest part of the budget set aside for the expansion, is directed at acquiring stations. At the moment, Amoco has 320, of which, unlike most oil companies, 90 per cent are company owned. The aim is to achieve a network, of which about a half will be owned by independent operators selling Amoco petrol under contract. This will bring Amoco more in line with the forecast situation — of the current 29,000 stations in the UK, about 60 per cent are independently owned.

Planning authorities are now *much less keen to grant permis*sion for new service stations, and this, coupled with the fact that the total number of outlets are likely to continue to decrease — in recent years, the number has reduced by about 1,000 per annum — makes well located, independently owned stations, difficult to acquire in large numbers. A station that *sells ¾m gallons per year might* cost up to £200,000. Although one of the remaining small chains that are still in business would be the most convenient way by which Amoco could add to its stations, the most likely approach, in view of Amoco's highly selective marketing philosophy, is that expansion will come from a number of *selected freehold acquisitions,* and the securing, under contract, of well run, well sited, highly potential, independent stations.

So by 1981, Amoco will offer a patchwork of independents, a network of dealer stations *whereby the operator leases the* business from Amoco, and around 60 major sites managed by the Company. This latter

"When the cat-cracker comes on stream in 1981. Amoco will need to double UK Sales."

Amoco's Gasoline Sales Forecast



group will trade, under the "Torch" banner, and be the flagships of the operation. A torch station should manage a throughput in excess of 1m gallons per year, and between them the 60 are expected to account for about a third of total petrol sales, roughly the same as the dealer network. Another area that could be investigated is the hypermarkets who sell petrol through their fore*courts. The only problem is* that the oil industry is uneasy about the pricing stance of these large operators. But with the selected independents and the big group operators tied to Amoco this sector could well make up the balance of the sales targets.

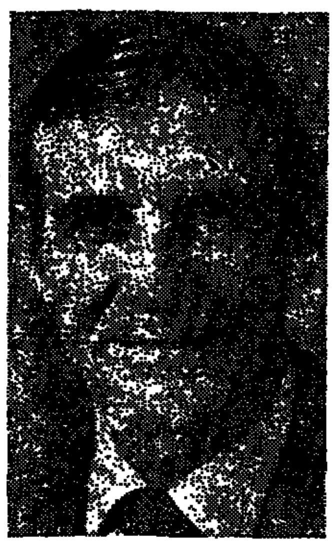
Apart from the petrol stations in the major industrial areas of the UK, Amoco services the more rural and suburban areas, through a network of branded authorised dis*tributors. By 1981, this network* is expected to be marketing about twice the current sales volume. There are 20 distributors today, operating in 44 geographic franchises, and the plans include the expansion in *numbers, of both distributors* and franchises. In the main, the distributors are selling the heavier oils for uses such as *agriculture,* home heating, hauliers, and commercial properties, and although these markets are of lower value than *petrol retailing, they are an im*portant and expanding part, in volume terms, of Amoco's development plans.

The feedstock of fuel oil for the cracker will come as a result of reducing Amoco's current involvement in large export contracts and the sales from spot market in Rotterdam.

Of course the expansion in Amoco *sales* will not happen overnight, and the company will have to import oil as it adds stations and distributors to its ranks. And when the "cat cracker" is doing its job there will almost certainly be a surplus in the early years which could find itself exported on to the world market. But even so 1981 will be a crucial year, especially as Amoco intends to grow faster than the competition. It believes it has the strengths to make this possible.

For a start it has the strength of its parent, the eighth largest oil company in the world, Standard Oil Company of Indiana, which with total assets of more than $11.5bn, is the tenth biggest American industrial company. It is ensuring that its Amoco British operation has enough marketing cash to back up the vast investment in refining capacity. Then there is Amoco's progress to date in the UK. It has concentrated on putting the most advanced equipment on its station forecourts. Nearly half are self-service, which is now more popular with motorists, with the most sophisticated electronic pumps. *To staff* torch stations Amoco trains mainly girls who aspire to managing the operation rather than working as sales assistants, *high quality* personnel to service high quality machinery.

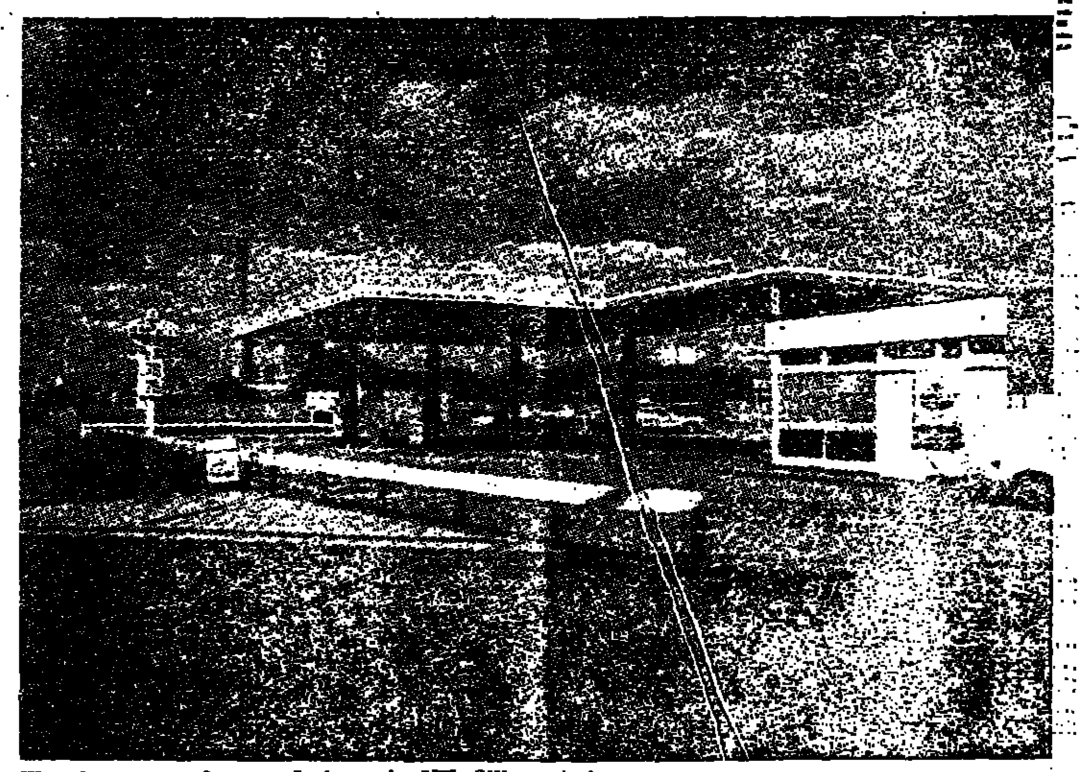
Although the Torch stations will concentrate on selling petrol in substantial quantities as efficiently as possible the *independents linked to Amoco* expect other forecourt facilities to boost their revenue. So one of the continuing tasks is to examine *additional* services,



Jack Parker, Managing Director Amoco (UK) Ltd.

such as launderettes, and one possible novelty, travel agencies, attached to the stations. Small supermarkets will also be looked at as well as catering facilities. In addition research is underway into incentive schemes although Amoco is not keen to precipitate a forecourt promotions battle. Redemption schemes to build up customer loyalty is a candidate but the company would concentrate on good quality, up market products rather than the cheap beakers and plastic disposables.

There will be problems over the next three years but Amoco has given itself time. Of course any forecasting in the oil industry is susceptible to sudden and unforeseen political and economic changes: in the last *few months the turmoil in Iran* has made a mockery of the potential over-supply situation in Europe. But the basic strategy underlying Amoco's considerable investment—a concentration on high value, high value gasoline rather than low value fuel oil, will continue to hold true. It also means that the refinery at Milford Haven will be fully utilised for the first time. It is an ambitious programme, building a much higher level of *marketing activity while seeing* through a costly construction task, but the eventual rewards will repay all the money and all the effort.



The forecourt of one of Amoco's UK filling stations

Why Amoco needs A 'Cat Cracker'

BY JACK PARKER, Managing Director AMOCO (UK) LTD.

THE DECISION to build a "Cat Cracker" is the most significant step forward in Amoco's history since the completion of their Milford Haven refinery in 1973.

Amoco need a cat cracker — as do Durphy Oil — to take full advantage of the financial and marketing incentives to upgrade fuel oil to gasoline and other lighter products.

The forecasted growth in *petroleum* demand is greater for those products for which oil has limited competition — notably transportation fuels *such* as gasoline, *aviation* fuel and derv. Those oil products which are consumed as heating fuel, notably gas oil and heavy fuel oil, will experience a limited growth. In recent years fuel oil consumption has decreased because of the economic depression resulting from the increase in crude prices since 1973-74. In addition, fuel oil demand for electricity generation has suffered because of competition from coal and nuclear power. Also *natural gas has taken some of* oil's traditional heating markets.

The fact that there is surplus distillation capacity in Europe has been a well publicised fact over the past several years and has received much attention from the European Economic Community. However, a number of companies have announced, or are *building conversion facilities,* with little or no increase in overall crude oil refining capacity. About two-thirds of these announced *conversion projects* under construction in Western Europe are using the conversion process known as "cat cracking." The upgrading of our Milford Haven Refinery will give Amoco the flexibility to produce greater quantities of gasoline and lighter fuels and permit us to be more expansive in our marketing operations.

Amoco has been operating in the UK since 1962 as a wholly owned subsidiary of Standard Oil of Indiana. Despite intense competition and economic upsets over the last decade Amoco has been growing stronger each day. We are selling a full range of petroleum products through our own service station network, industrial customers and *authorised distributors,* mainly in a 100 mile corridor from London to the North. Our operating philosophy is based *on good management, the appli*cation of sound business methods and direct personal concern for customer relation*ships. Having developed such a* foundation we are ready to improve our competitive position by refinery upgrading. This project will not increase distillation capacity at Milford Haven but the Amoco/Murco arrangement wil permit essentially full utilisation of a refinery which has been running at only 60/70 per cent capacity. *Also the UK Balance of Pay*ments will benefit since Amoco will be exporting high value gasoline in contrast to the exporting of *low value fuel oil.* This project should have a lasting effect on the economy of the UK, and particularly South Wales. The Construction workforce will be well over 1,000 men and permanent employees will exceed 100.

An £83 million step into the future.

The last few years haven't been easy for the oil industry.

They haven't been easy for Amoco, either.

But that hasn't stopped us growing, in size and strength.

Good management, sound business practice and direct *concern for our customers have all helped us keep pace with the* changing patterns of demand for petroleum products in the past.

And it is in order to keep pace in the future with the projected growth in demand for those products for which there is no source other than oil—gasolines, aviation fuels, and derv, for example—that, with *Murphy* Oil, we are building an £83m. catalytic cracker at our *Milford* Haven refinery.

The new plant will not only increase the efficiency of the refinery, it will also enable us to upgrade our output of gasolines by 32,000 barrels a day, and give us the flexibility we need to expand our marketing operations.

This is only the latest step in a fully co-ordinated plan that has led progressively from the gradual extension of pipelines, storage, distribution facilities and sales outlets in strategic areas, through to the initial building of the Milford *Haven refinery and its subsequent expansion.*

But we aren't, of course, the only people who will benefit from this development.

Because of the improvement in our services we will be making a contribution to the well-being of the growing number of our customers—service stations, industrial and commercial users, authorised distributors and motorists among others.

Most important of all we will continue to contribute towards Britain's future energy needs by a far more efficient use of an increasingly valuable resource.

AMOCO

Amoco (UK) Limited

1 Olympic Way, Wembley, Middlesex

ADVERTISEMENT

AMOCO 2—It is being built at a cost of £83m. . .

Leasing—The key factor

BY TOM CLARK, Chief Manager LLOYDS LEASING LIMITED


Tom Clark

OVER THE past few years leasing has established itself as one of the primary sources of finance for capital equipment in the UK. This development has led to opportunities for leasing companies to arrange leasing facilities for major investment projects—aircraft, ships and large industrial plant.

Building on this experience, on December 29, 1978, nine leasing companies trading as the partnership Albion Leasing Company signed agreements for the lease to Murco Petroleum, a subsidiary of Murphy Oil Corporation, of the fluid catalytic cracking unit to be constructed at Amoco (UK's refinery at Milford Haven. The £100m facility is the largest single lease contract yet arranged in the UK.

The facility comprises a project cost of £83m, an additional £5m for extras outside the principal contracts and possible contingencies and an estimated £12m for the pre-delivery interest costs incurred by Albion.

The rationale behind Murco Petroleum and Amoco (UK), a subsidiary of Standard Oil Company (Indiana), joining forces to refine crude oil, whether it be from Murphy's interest in the Ninian Field or elsewhere, is explained in the accompanying articles. In summary Murco, as lessee, is primarily responsible for financing the construction of the catcracker, while Amoco will have processing rights for 70 per cent of the plant's capacity. Murco on the other hand will have processing rights to the 30 per cent of the capacity of Amoco's existing refinery at Milford Haven. Amoco will be supervising the construction of the catcracker and operating the whole of the upgraded refinery complex.

Early in the discussions leasing was identified as probably the most suitable method of financing the project. Leasing is flexible and, although the arrangements were necessarily complex, it was possible to design a scheme which enabled Murco to take on, as the lessee, the primary responsibility for financing the construction of the catcracker and for the two oil companies to enter into a processing agreement reflecting the refining arrangements. The payments due under the processing agreement between Amoco and Murco have been assigned to Albion Leasing Company.

First year capital allowance available on most of the cost of construction of the plant is claimed by the leasing company and the benefit of the resulting tax deferment reflected in the calculation of rentals. This reduction in rentals is *particularly attractive* to those companies whose taxable profits are likely to be insufficient for them to obtain immediate benefit from the allowances to which they would become entitled if they purchased plant or equipment.

Milford Haven is located in a *Development Area and consequently* the majority of the expenditure on the catcracker will also qualify for a 20 per cent regional development grant under the provisions of the 1972 Industry Act. The lessor, as owner of the plant, receives the grant and takes it into account in the projected cash flow for the purpose of calculating the rentals payable during the primary lease period.

THE PARTNERSHIP

1 Barclays Mercantile Industrial Finance
2 Lloyds Leasing
3 Lombard North Central Leasing
4 Midland Montagu Leasing
5 Royal Bank Leasing
6 Citicorp International Bank
7 City Leasing
8 Williams & Glyn's Leasing Co.
9 European Banking Co.

The scheme was designed and the leasing facility was arranged by *Citicorp International Bank* (in conjunction with Citibank, the London branch of the New York bank and a sister company within the Citicorp Group) and Lloyds Leasing, a member of the Lloyds Bank Group. The members of Albion Leasing Company, the partnership providing *the lease finance, are six* leasing subsidiaries of clearing banks — Barclays Mercantile Industrial Finance, Lloyds Leasing, Lombard North Central *Leasing, Midland Montagu Leasing*, Royal Bank Leasing, and Williams and Glyn's Leasing Company — together with Citicorp International Bank, City *Leasing (a subsidiary of Morgan* Grenfell Holdings), and European Banking Company, a consortium bank of which Midland is the UK shareholder. Lloyds *Leasing has been appointed the* Manager of the partnership.

The documentation was complex and voluminous and inevitably involved all the principals and their professional advisers in protracted negotiations. Coward Chance and Linklaters and Paines acted as the main legal advisers to the leasing companies and the oil companies repectively. Peat, Marwick, Mitchell and Co. advised the partners on the accounting and evaluation aspects.

This £100m deal is the latest in a number of leasing facilities for major items of plant and equipment arranged over the past few years, both individually and through partnerships. Several of the leading leasing companies now own smaller items of refining plant and other assets costing up to £25m, such as oil drilling rigs and tankers, in their own right. For the larger transactions it is necessary to arrange partnerships to assemble the necessary resources—funds and taxable capacity—and to spread the risks, particularly the third party risk of owning a major chemical installation.


J. E. Allerd, Manager, Finance Amoco Europe Inc., has stated that the availability of lease financing was a deciding fac*tor in the project going ahead*, and that although the transaction was extremely complex, negotiations were completed in record time to ensure that *the project could proceed on* schedule

Airlease International, formed in 1969 by a group of clearing and merchant banks to lease aircraft and ships, was the first major leasing partnership in the UK. More recently several partnerships have been set up primarily to undertake big ticket leasing projects, although they all enter into a number of leasing transactions so as to *establish a leasing trade for tax* purposes. These partnerships, which are the leasing industry's equivalent of syndicated loans, include Omnium Leasing Company, *established in 1977 to* lease another catcracker, originally estimated to cost £70m, to Lindsey Oil Refinery, and North Sea Marine Leasing Company *which is to lease two liquefied* gas carriers under construction at Harland and Wolff's shipyard in Belfast for Shell.

The Murco lease provides *further evidence of the* prominent part now being played by leasing companies in the development areas and in financing major capital investment projects. The partnership, like its namesakes in West Bromwich and Brighton and Hove, is unlikely to stay top of the table for that long now that the leasing industry has demonstrated its ability to arrange leasing facilities for all types of industrial plant and equipment.

£100,000,000

Britain's largest single leasing contract

UNDERTAKEN BY

ALBION LEASING COMPANY

A PARTNERSHIP TO BE MANAGED BY LLOYDS LEASING LIMITED AND CONSISTING OF

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LOMBARD NORTH CENTRAL LEASING LIMITED

MIDLAND MONTAGU LEASING LIMITED

ROYAL BANK LEASING LIMITED

CITICORP INTERNATIONAL BANK LIMITED

CITY LEASING LIMITED (MORGAN GRENFELL GROUP)

WILLIAMS & GLYN'S LEASING COMPANY LIMITED

EUROPEAN BANKING COMPANY LIMITED

THE FACILITY WAS ARRANGED BY

CITICORP INTERNATIONAL GROUP

LLOYDS LEASING LIMITED

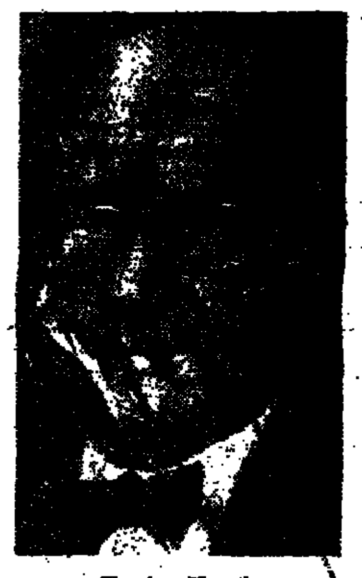
'A window towards the West'

BY CHARLES MURPHY, Chairman, MURPHY OIL CORPORATION

FROM THE early 1960s, when we commenced trading in Europe through daughter companies in the UK and Sweden, our purpose has been to have refining capacity in Great *Britain sited to enable us to* export refinery products as well as to supply our network here.

The Clyde Estuary fitted our logistical concepts well. The Port Authority was eager to have increased tonnage and the then Ministry of Fuel and Power encouraged us. So we proceeded with the acquisition of land and the perfecting of planning obligations. After months — years *in* fact — the project was frustrated by parochial objections — so we now own a farm in Scotland! Our Group has the uncertain honour of being without doubt the highest cost potato pro*ducers in the whole of Europe!*

Our second try was a joint effort with Agip on Canvey Island. While it still remains a possibility, once again local objections have been such that no definite date, however distant, could be fixed for actually having refining facilities installed and functioning.

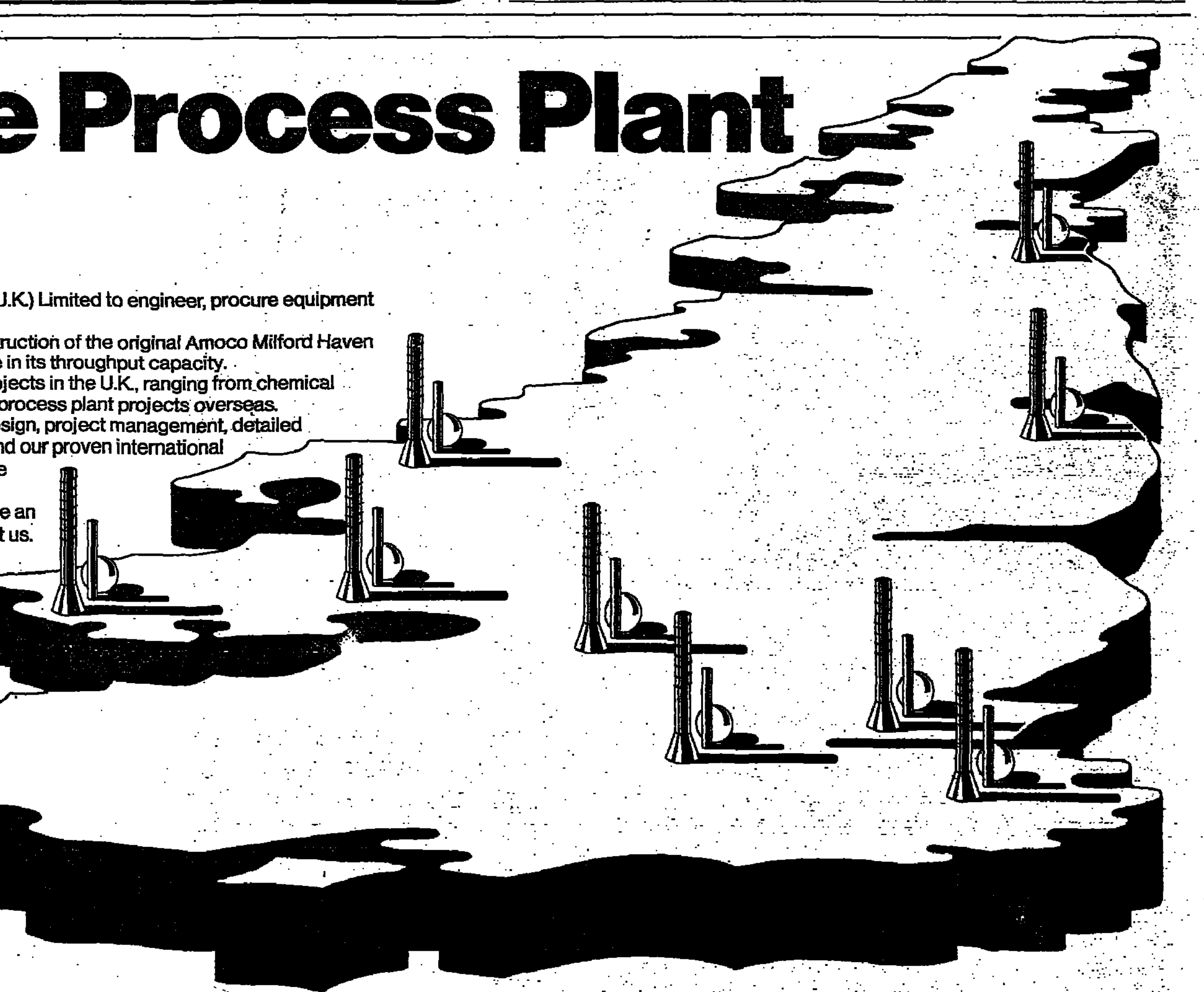

Charles Murphy

Meanwhile, the onset of production from the North Sea made our specific refining needs more urgent. At the same time a general under-utilisation of processing capacity was becoming more pronounced. Moreover, what growth there is in petroleum demand was tilting towards the few products for which there are no substitutes, centering processing interest on "whitening of the barrel."

Our link up with Amoco in Wales fits today's realities. It affords the Murphy Group crude oil distillation and upgrading into valuable products at unit costs unattainable separately. *It relieves, rather than com*pounds, excess *distillation* capacity in Europe. It accommodates Her Majesty's Government's policy of gaining the advantage of value addition by manufacture in this country — a public policy with which our private logistical and commercial concepts are in full accord. Lastly, while Milford Haven was not our first — or even second — choice, we see it now as a window looking towards *the only large market in the* world — the East Coast U.S.A. which does not have, nor is likely to have soon, enough refining capacity.

Amoco are good partners. Milford Haven is a fine site. We are here subjects of a benign Sovereign. It's a splendid piece of business all round.

Procon The Process Plant Builders.



Procon (Great Britain) was pleased to be selected by Amoco (U.K.) Limited to engineer, procure equipment and construct its Milford Haven refinery upgrading project.

Procon was the prime contractor for the engineering and construction of the original Amoco Milford Haven refinery and that's not all – it also engineered a substantial increase in its throughput capacity.

Procon (Great Britain) has already carried out more than 20 projects in the U.K., ranging from chemical plants to grass roots refinery installations, as well as over 50 major process plant projects overseas.

Our scope of operations embraces process and conceptual design, project management, detailed engineering, world-wide procurement, construction and start-up. And our proven international financing and environmental systems services complement what we offer – projects completed within budget and on schedule.

When considering your next process plant project, whether it be an expansion of an existing facility or a grass roots installation, contact us.

Procon (GREAT BRITAIN) LIMITED

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AMOCO 3—It will convert 32,000 barrels of heavy fuel into gasoline per day. . .

'Cat Cracking' technology

NEW TECHNOLOGY developed and combined to meet the refiner's growing needs for heavy gas oil conversion, increased product flexibility, maximum energy conservation, and tight emission constraints will be employed at Amoco (UK) Ltd's new Milford Haven upgrading project.

The technology will be employed in one of the major process units, a 32,500-barred-a-day fluid catalytic cracker which will permit substantial variation of the middle distillate-gasoline ratio and provide Amoco with a versatility that will enable the refinery to vary its product slate to reflect changing market needs.

Milford Haven will be the first refinery in the United Kingdom to employ the technology which was conjoined last year in the Kellogg-Amoco Ultra-Orthoflow fluid catalytic cracking design.

The design incorporates Amoco's UltraCat high-temperature regeneration technology with Kellogg's riser reactor system and Orthoflow F-3 configuration. It embodies Kellogg's riser catalyst plug valve design and a smooth-flowing catalyst circulation system. It draws on Kellogg's experience in the design of more than 100 fluid catalytic crackers throughout the world and the broad-based international operating experience of Amoco.

First details on the design concepts were released only last May, in a joint Kellogg-Amoco paper delivered at an industry meeting of the American Petroleum Institute in Toronto. These details followed an earlier announcement that, under terms of a five-year agreement, *technical information* from both firms was joined to assist in the design, procurement, construction, operation and maintenance of licensed *units* for commercial use of the gas-oil fluid catalytic cracking process.

New facilities

The agreement covers the revamping of existing units as well as the design of new facilities. Pullman Kellogg acts as the licensing agent, offering licenses incorporating technical information developed by both firms. Pullman Kellogg currently is working on Ultra-Orthoflow fluid catalytic cracker designs relative to refineries in the United States and Europe.

The Ultra-Orthoflow fluid *catalytic cracker design is based* upon the Kellogg Orthoflow F-3 configuration, employing Amoco's UltraCat regeneration. The reactor vessel is located *above the regenerator. The unit* has a straight, vertical external riser terminating in riser cyclones. The cyclones permit improved yields by reducing thermal cracking reactions. They also provide a high separation efficiency which reduces the catalyst loading in the main fractionator.

The annular section around the stripper is used as a secondary means of cracking. High coke-forming recycle streams may be removed from the riser and cracked in *this* region. Naphtha may be cracked for octane upgrading of liquefied petroleum gas production.

In the joint paper delivered in Toronto, Pullman Kellogg and Amoco engineers contended the riser/reactor design provides improved yields, better control of operating conditions, greater range in fresh feed rates, quicker recovery from shutdowns or emergencies, and minimal erosion. The fresh feed injection system and the system used to rapidly separate the catalyst from converted products are critical areas in the design of the process unit. Rapid separation of catalyst and hydrocarbons at the exit of the riser improves product distribution.

The regenerator design en*sures that low carbon monoxide* emissions and low carbon on regenerated catalyst are achieved. Proper zeolite catalyst selection is important to complement the riser and regenerator design.

Experience with Amoco's UltraCat regeneration, it was *disclosed, has eliminated after*burn problems and substantially improved regeneration efficiency for those refiners employing it. It also helps *solve* some *of* the operating problems inherent in conventional regeneration, such as high temperatures and mechanical damage associated with uncontrolled afterburn. The elimination of the need for complete internal combustion of carbon monoxide has addressed the problems involved with maintenance and operation of carbon monoxide boilers.

Improvements in power recovery system technology and operations spurred by the sharp increase in crude oil prices in 1973—74 are of even more importance in today's petroleum situation, and these are to be incorporated in the Milford *Haven installation.*

Fluid catalytic cracking has been a major refinery process in the United States of America for almost four decades. Most European refineries today, however, are basically of the hydroskimming type, heavily oriented towards the production of fuel *oil. With crude oil supplies* tightening ever more severely, and prices continuing to soar, efforts are being made to convert to a wider utilisation of coal and nuclear energy sources to substantially reduce fuel oil consumption.

At the same time, the demand *for petrochemical* naphtha is growing due to the limited availability of gas feedstock and the steadily expanding markets for petrochemicals.

The traditional European petroleum market is shifting towards lighter products; towards more gasoline, petro*chemical naphtha and middle* distillates. The market for residual fuel oil is slackening. The use of fluid catalytic cracking to provide a varying product slate can permit a refiner to adapt to these market variations. By producing catalytic gasoline, the charge rate to the reformer can be reduced. This can release valuable naphtha for petrochemical feedstock while maintaining gasoline pool quality.

The participants

Prior to erecting its first fluid catalytic cracker in 1942, Kellogg contributed to the development of the process itself. It was involved in the preparation and testing of catalyst compositions, life tests on catalysts, *studies on treatment of* feedstocks, and research on the effects of temperature and pressure on products.

By 1944, Kellogg had placed 20 fluid catalytic crackers on stream. Shortly thereafter, it developed the Orthoflow converter, a single structure incorporating vertical straight-line flow of catalyst in the reaction system. The first of these units began operation in 1951. Since then, Pullman Kellogg has con*tinued its research and commer*cial development activities in the area of fluid catalytic cracking, continually improving its technical position. Last year, its Orthoflow F design and Amoco's UltraCat regeneration technologies were brought together into the Ultra-Orthoflow design which will be employed at Milford Haven.

Amoco has also been involved in fluid cat cracking technology since the inception of the process, and its worldwide companies have owned and operated almost every kind of cat cracker ever built. For the last 15 years, an intensive FCC task force has met semi-annually at specific refineries to review designs, performance data, startup, shut-down and emergency procedures.

Amoco reports increased *efficiency and record-breaking* run lengths as a result of this programme. One Amoco cat cracker ran six years without opening the reactor or regenerator. Another made six and a half years.

At the start of this decade, Amoco invented and pioneered a process for internal combustion of carbon monoxide and catalyst regeneration. That process provides a low level of carbon on regenerated catalyst *and virtually eliminates carbon* monoxide in the regenerator stack gases. The company received the coveted Kirkpatrick Engineering Achievement Award for those developments in 1975.

Comparison of Product Slates for Hydroskimming and Conversion Refineries

% of Product Yield by Weight

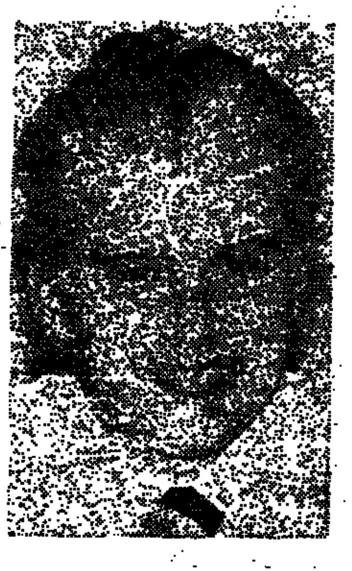
	Hydroskimming	Cat Cracker Conversion
Chemical feedstock	10%	
Gasoline	8%	39%
Distillate	32%	36%
Fuel oil & Other	50%	25%
Total Yield	100%	100%

Milos Soudec heads refinery processing at Pullman Kellog world headquarters

MILOS SOUDEK is manager of refinery processing at world headquarters of the Pullman Kellogg division of Pullman Incorporated in Houston.

He had previously been manager of refinery process engineering at Pullman Kellogg Limited at Wembley (London), England. After *joining the Pullman Kellogg* group of companies in 1969 as a process engineer with Kellogg International Corporation in London. He has held positions including senior process engineer and process manager.

Mr. Soudek holds a degree *in chemical engineering from* the Military Technical University in Brno, Czechoslovakia and is a chartered engineer in the United Kingdom and a fellow of the Institute of Chemical Engineers.



Milos Soudec

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AMOCO 4—It will make Amoco stronger and more competitive

Achievement of diplomacy and control

BY DAVID ALLEN

NELSON'S one-eyed squint at Milford Haven has taken some time to become wide-eyed realisation. His prophecy that its destiny was as one of the western world's leading ports has proved to be a remarkably far-sighted vision now that the controlling authority, Milford Haven Conservancy Board, is able to count a tally of 500-million tons of oil carried through the harbour by 50,000 oilships in the 19 years since *the first refinery* was brought on stream.

In an *area where sensitivities* are honed by the traditions of fishing and farming and where some still count the seasons by harvesting and tilling time, the creation of a major oil refining complex is largely an achievement of diplomacy and control, with compromise often the key.

The progression of the oil industry has not been without discomfort. But the blend of oil company discretion and local planning restraint has worked, *even if the cost of reducing the* visual impact of the Haven's five petroleum installations has been a necessary extra to minimise intrusion on the edge of a National Park.

Industrial exploitation of the Haven's natural facilities was inevitable; it is now an almost forgotten strategy that part of the coastal National Park's boundary was re-tailored to put the earlier part of the refining belt outside the perimeter of preservation and, as a consequence, beyond direct controversy. But 167 miles of Parkland on either side of the oil industry's developments is a reminder that oil companies settle at a spot where winning public confidence is as crucial as serving the national interest *or that of shareholders.*

It was into the delicacy of such a situation that Amoco (UK), Limited stepped when it selected the waterway's northern shore as the location for its only British refinery. For Amoco, it was the completion of a commercial chain; for Milford Haven, it meant the fourth and newest of its girdle of refineries. Whatever may be the view of conservationists, a harbour whose rare deep water had been virtually neglected had felt another ripple of economic warmth and taken the step that has made it the nation's second biggest port in terms of handled tonnage.

That was in 1971. By 1974, Amoco's refinery was on stream *at a cost of £30-million and with* a throughput capacity of 80,000 barrels a day (or, 1,050-million gallons a year). The sensitivities had been accounted for. There was a heavy investment in environmental protection. Technically, there were built-in safeguards against air, water and noise pollution. The most aesthetic eye was protected by a landscaped site, bordered by trees, *hedges and the natural* stone walls indigenous to rural Pembrokeshire.

There have been other equally important contributions. The favoured gambit of critics (smaller in number than at the advent of Milford Haven's oil industry) is to prod at the low number of jobs provided in return for heavy capital investment in a highly-automated *industry.* The uneven equation is fair game for the critics, with the availability of Government development grants to multi-national companies a bonus arrow in their quiver.

Recruitment

But Amoco's recruitment programme for its 210 permanent refinery employees has hit its high target of local intake. More than 80% are Pembrokeshire people new to the oil industry: jobs that would not have been *available without* the creation of refining in an area that suffers one of Britain's worst unemployment traumas.

Within little more than 12 months of commissioning its grassroots refinery, Amoco was ready for expansion at Milford Haven. At a time of general *industrial recession and when* commitment to growth was rare, the company debottlenecked its refinery to take its capacity up by 35% from 80,000 to 108,000 barrels a day.

The high capacity test run, late in January, 1976, was the payback for a further £4.1-million spent on installing an additional crude oil furnace, increasing capacity in other process units and the construction of nine new storage tanks to meet EEC requirements.

The £83-million now being invested by Amoco (UK), Limited, and Murco Petroleum Limited in adding catalytic cracking facilities to the Milford Haven refining plant not only adds impetus to the big new second generation of downstream oil developments at the port; psychologically, it embeds Amoco's roots yet more deeply at the centre of one of its largest staff groups in the UK.

With the experience and proven approach of its earlier contact with local government, planning rapport has been smooth and swift. Performance on both sides of the planner's table has shown that the formula of understanding is as flawless as it can be in a situation where misconception and delay may elsewhere be the expected side-products of such an application. Overall, it is an indicator of acceptance of the oil refining industry and of its need for greater petrol production, not only to serve UK outlets more effectively but also to relieve the strain on Britain's balance of payments.

The twin magnets of the Haven's all-tides tankship handling capability and of development grants calculated to top £70-million for the area's two big cracker developments (the other undertaken at a budget cost of £300-million by Texaco and Gulf) have drawn the population's general appreciation that the Haven is now a favoured frontrunner for downstream expansions that are the envy of Europe. It's enough to turn the tide of the most stubborn opinion, though a residual opposition may linger.

Vulnerability of the oil industry to accidents of potentially cataclysmic proportions is a natural foreboding. Amoco's overt safety-consciousness has helped dissipate the fears. In 1977, the refinery was given the British Safety Council's gold citation, then the only oil processing plant to have earned an accolade regarded as the highest of its kind.

The value of the citation rests in the Safety Council's yardstick: it does not rely simply on low accident rates, but on a company's organisation taking effectively into account the many areas of activity needed to reduce, if not eliminate, accidents. Amoco is the only one of the four Havenside refineries where a newsmaking major accident has not happened, though the other oil companies dwell endlessly on safety too.

In that sense, and others, it is qualified to set aside reticence and claim, if it wished, to have achieved a pacesetter's mantle in integrating with the community in which it has settled its now expanding UK plant.

Construction of the Amoco/Murco oil cracker will add to the 375 acres already developed on Amoco's 900-acre landspread a mile-and-a-half inland from its ocean jetty. But there will still be room to spare. Already, politicians, both local and national, are raising speculation that petro-chemical industries could follow the oil cracker developments as a logical progression. But they may be some years away, if they fall in train at all.

So, too, may be Amoco's further exploration of its licensed tracts in the UK Celtic Sea. But, in the cold comfort of results from two dry drilling programmes, the company has at least generated a little warmth for future prospects by *retaining beyond the initial, six*-year term the permitted 50 per cent of its three fourth round blocks off the West Wales coast.

Though the company's Milford Haven refinery and the cracking unit now to be added to it will rely for their feedstock on traditional sources and the North Sea, nothing would be more convenient for Amoco nor finer *for Welsh industrialists* than a viable discovery of "doorstep" oil in the Celtic Sea.

If that can be achieved, even if it may now seem to be against the spin of the offshore roulette wheel, it would complete Amoco's achievement in Pem*brokeshire.* It would also show that rooting in at Milford Haven was a stroke of rare and prophetic foresight.

In the meantime, the company's onshore development will help boost the area's economic climate to one of its occasional peaks — and give the company an added permanency on a Haven that would now be bereft without its oil industry, *regardless of the second-stage* growth into which it is entering.

On site engineering provides jobs for 1000

BY ROGER VEILVOYE

CIVIL ENGINEERING contractors have already moved into Amoco's Milford Haven refinery to prepare the ground for the new catalytic cracking plant and the associated work needed to integrate the project into the existing 108,000 barrel a day (b/d) unit.

By mid summer men employed in mechanical trades will arrive on the Pembrokeshire site and the first of the new pipework, stacks, process units and additional storage tanks that make up the £83 million will start to rise from the foundations.

Work on the project has been divided into two main contracts. Procon (Great Britain) Ltd, an engineering and construction subsidiary of UOP Inc, one of the Signal Companies, will undertake the detailed design, engineering, procurement of equipment, and construction of *the cat cracker part of the* project—a contract that is worth around £60 million.

An £8 million contract for integrating the new cracker into the existing refinery has gone to Woodall-Duckham of Crawley, Sussex, a member of Babcock Contractors Ltd. The contract also includes the extension of the main process units to make them fully compatible with the cracker and provision of a new flare system, control building and additional utility systems.

There is also a smaller contract associated with the project. Whessoe Heavy Engineering Ltd, part of the Whessoe Group, has been awarded a £1.3 million contract *for the fabrication, and erection* of three new naphtha tanks, two propane spheres and two butane/butylene spheres.

Planning

The remaining contracts will be awarded either by Procon or Woodall-Duckham as the project progresses. Building an extension to an operating refinery with the minimum of disruption to production is a well-established art but one that requires planning and *co-ordination* of the highest order.

Particular attention must be paid to the safety aspects of working around units making highly volatile products. The only time the main refining area will come to a complete standstill will be in the summer of 1980 when Woodall-Duckham put in a construction team to "debottleneck" the existing process units. During the three week shut down the cracker will be tied into the old refinery.

Both contractors have to work closely with Amoco's in-house design teams. For Procon it is not the first job with Amoco. It is currently undertaking detailed engineering, procurement and construction *on a major expansion of Amoco* Australia's Brisbane refinery and was responsible for the construction of the Milford Haven refinery. Later it raised the throughput of the Welsh plant from the original 80,000 b/d to the current 108,000 b/d.

On the first Milford Haven project, Procon established the enviable record of completing the refinery on time and within budget—a feat rarely achieved on major construction sites these days.

This exceptional performance on the first contract provides *the task force brought together* by the Procon/Amoco team to handle the cracking project with a formidable act to follow. Procon feels that putting together a special task force for the project, drawn mostly from within its own resources, is the only way of solving problems rapidly and responding quickly to Amoco's needs.

Most of Procon's effort is now centred on design work which involves particularly close liaison with Amoco. One of the tools used at this stage is a scale model of the cracker. Later it will be moved to the site for training operational staff before the cracker is commissioned.

On site, civil engineering work has started on the erection of temporary facilities and the whole of the area for the cracker has been fenced off from the rest of the refinery, partly for safety reasons but *mainly for security purposes.* Behind this screen working conditions are similar to those on a greenfield site.

Concrete foundations and a drainage system will be followed by the erection of pre-cast concrete frames *for the* main processing areas, Procon reckons the civil engineering side should be complete within six to eight months allowing the first of the mechanical trades to move in.

Initial objectives will be to complete some of the pipework and a number of the less complex units including the two gasoline and liquid petroleum gas Merox units, the Alkylation unit and the Dimersol unit. *Once they* are completed, all efforts can be concentrated on the more complex heart — the 50,000 b/d vacuum distillation unit and the 325,000 b/d cracker and associated power recovery trains.

In *these days of emphasis* on energy conservation, Amoco is installing costly power recovery equipment to make full use of waste gases from the cracker. After running *through* a separator, the gases are *expected* to produce around nine megawatts of electricity from an expander and also fuel a boiler for steam generation. Also on the environmental front, Amoco and Procon are working to stringent noise levels. Keeping *within the statutory requirements* is proving expensive.

At its peak there will be 1,000 people working on the cracker, most of them employed by sub-contractors. Procon is building a camp at Tiers Cross, initially for 500 people, but it will have catering *facilities for double that* number.

As the Amoco cracker is not the only major refinery expansion project in the district — Texaco/Gulf is also building a cat cracker on the other side of the water — the five main contractors have negotiated a *site agreement for the area with* the unions. This ensures similar pay and conditions on all sites.

Snamprogetti is further ahead on the Texaco/Gulf work and could begin to shed labour just as the Amoco job builds to a peak.

The workforce on the Woodall-Duckham *contract* will be more modest, rising to a peak of 170. The company plans to bring them from surrounding areas.

Like Procon, most of the effort on the "offsites," as the Woodall-Duckham contract is known, is in the design stage. Sub contractors *have started* to clear the site for three *floating-roof* tanks with a capacity of 19,000 cu m of naphtha. There will also be storage for 2,400 cu m of propane and a similar amount of butane/butylene.

Not only does the cracker *require* new storage but changes in the product range means that some of the existing tanks must be modified to accept different fuels. Whereas Procon is *working* in a greenfield environment, the Woodall-Duckham staff have to operate alongside live equipment. To ensure safety, a strict system of permits is used to control people working close to *operational parts* of the refinery.

Installation

Woodall-Duckham is also responsible for installing large amounts of new pipework and pumps, modifying existing equipment, expanding the incoming electricity *supply* from the national grid and *improving* general utilities including drainage and water for both firefighting and use in the plant.

Another of the major jobs *will be the erection of a 250* foot high, guyed flare stack. But by far the most complex part of the contract will be the "debottlenecking" that will increase the capacity of the distillate ultra finer from *19,000 b/d to 30,000 b/d and the* naphtha ultraformer from 9,000 b/d to 12,000 b/d.

Planning for such an operation has to be detailed. As much work as possible is done beforehand and then in three weeks of intensive activity, work will be completed on *increased compressor capacity,* new exchanger, pumps, the relocation and addition of condensers and an additional stripper reboiler furnace and associated pipework as well as tying-in the new processing units.

A feature of the development *will be the blast-proof* control room. Woodall-Duckham is designing an above-ground reinforced concrete building that will provide refuge for process operating staff as well as housing the control equipment in the cracker and the existing units.

Blast-proof control rooms are still relatively new, and there is considerable development work to be done by Woodhall-Duckham as there are no published codes to work from. However, the Health and Safety Executive is expected to approve the design.

THE ARTS

O'Keefe Centre, Toronto

Canadian Ballets

by CLEMENT CRISP

The National Ballet of Canada's current season in Toronto began with a series of performances of John Cranko's *Romeo and Juliet*. It has been in the Canadian repertory since 1964, and the company present it with a whole-hearted enthusiasm. Not the most resonant of versions, it has a high surface energy—the Canadian dancers revel in brawls and processions and clowning—but its emotional purpose sometimes skitters off into extraneous fun, and the production labours under the disadvantage of Jurgen Rose designs that offer a toy-town view of Renaissance Italy. Costuming is often garish, and no man should have to take the stage in the orange-and-blue outfit that falls to the lot of Lord Capulet. The presence in Toronto of Marcia Haydee and Richard Cragun as guests of the National Ballet made for a reading of grandest drama. Cragun's Romeo, never less than prodigious as dancing, transcends any consideration of virtuosity since the characterisation is so "through composed"—not a gesture, not a movement that does not speak of a roaring boy stopped in his tracks, his entire psychic and physical energies suddenly redirected and concentrated by the fact of loving Juliet. It is a portrayal fired by and firing Haydee's Juliet.

Peter Schaufuss and Veronica Jennant in "Washington Square"

I do not know what more can be said about Haydee's interpretation. It seems even purer, more expressive, more piercing in its communicative power, more surely placed at the very core of the art of dancing. Juliet the girl is revealed in the fluent line of the body, in its sweetly direct and delicate response to Romeo, in its swiftness of movement, in arabesques that seem to float on the music. Juliet grown to womanhood through passion is Haydee's dark eyes gazing at Romeo, and her ability to invest the simplest step with tragedy—Haydee impelled over the stage *in a pas de bourrée is* desolation incarnate (as we know also from the last song in *Das Lied von der Erde*)...

A later showing brought Veronica Tennant and Peter Schaufuss as the lovers. Tennant's is a dramatic reading of Juliet which sometimes seeks to emphasise the choreography's intentions rather than trust them; Schaufuss' *intuitive* Danish style of dance acting is more happily displayed. He gives an exultant youthfulness to the balcony duet, and throughout, his dancing is clear and *noble in manner, and* exquisite in finish (the pleasures of academic exactitude do not preclude other merits). And Schaufuss' clean, soft landings from jumps, his pure statement of the choreography, do not diminish the ardour of his portrayal.

In supporting roles at both performances I admired very much Hazaros Surmeyan's Tybalt, a brooding, provocative bully, but not without sensitivity, and the darting temperament and fleet dancing of Tomas Schramek's Mercutio.

The first creation of the *season (which will also bring the* company's acquisition of Ashton's *The Two Pigeons)* was *Washington Square*, an adaptation of the Henry James tale by James Kudelka. Kudelka, a soloist with the company, had made an earlier work, *A Party*, which I was able to see in an exceptionally well-directed television version by the Canadian Broadcasting Corporation. (Canadian TV has an enviable record in presenting the work of the National Ballet: Norman Campbell's production of Ashton's *La Fille mal gardée* with *Kain and* Augustyn is an exemplary view of the ballet, enshrining sunny performances by its two stars and by David Roxander as Alain).

A Party suggested a young *talent probing the emotional* tensions among a small group of guests, using a restrained palette of movement with neat control. *Washington Square* is an altogether more ambitious enterprise, an aggrandisement of an earlier and shorter workshop piece. The transfer from literary form to dance presupposes that choreography will find a way to move on from strict narrative to bring fresh life to characters and set them in an illuminating milieu: witness *The Two Pigeons* or *Manon* or *Romeo*. Kudelka's work has a specially composed score by Michael Conway Baker, efficient enough, and all-too-literal settings by Jack King: neither offer much food for the imagination and the imaginative life of the piece *suffers thereby.*

The ballet has the advantage of a well-judged portrait of Catherine Sloper from Veronica Tennant, and a no less well-found portrayal of the caddish Morris Townsend from Peter Schaufuss, but it is long—nearly an hour in running time—and diffuse. The elimination of extraneous scenes, like a tiresome divertissement view of the eponymous Square, filled with balloons and cameo parts of unrelenting vivacity, might sharpen its impact and help us concentrate upon the *claustrophobic world of* Catherine herself. But the choreography also relies upon a sober imagery for Catherine and Morris: they merit a richer vocabulary for the language of their feelings.

Victoria and Albert

The fruits of peace

by DAVID PIPER

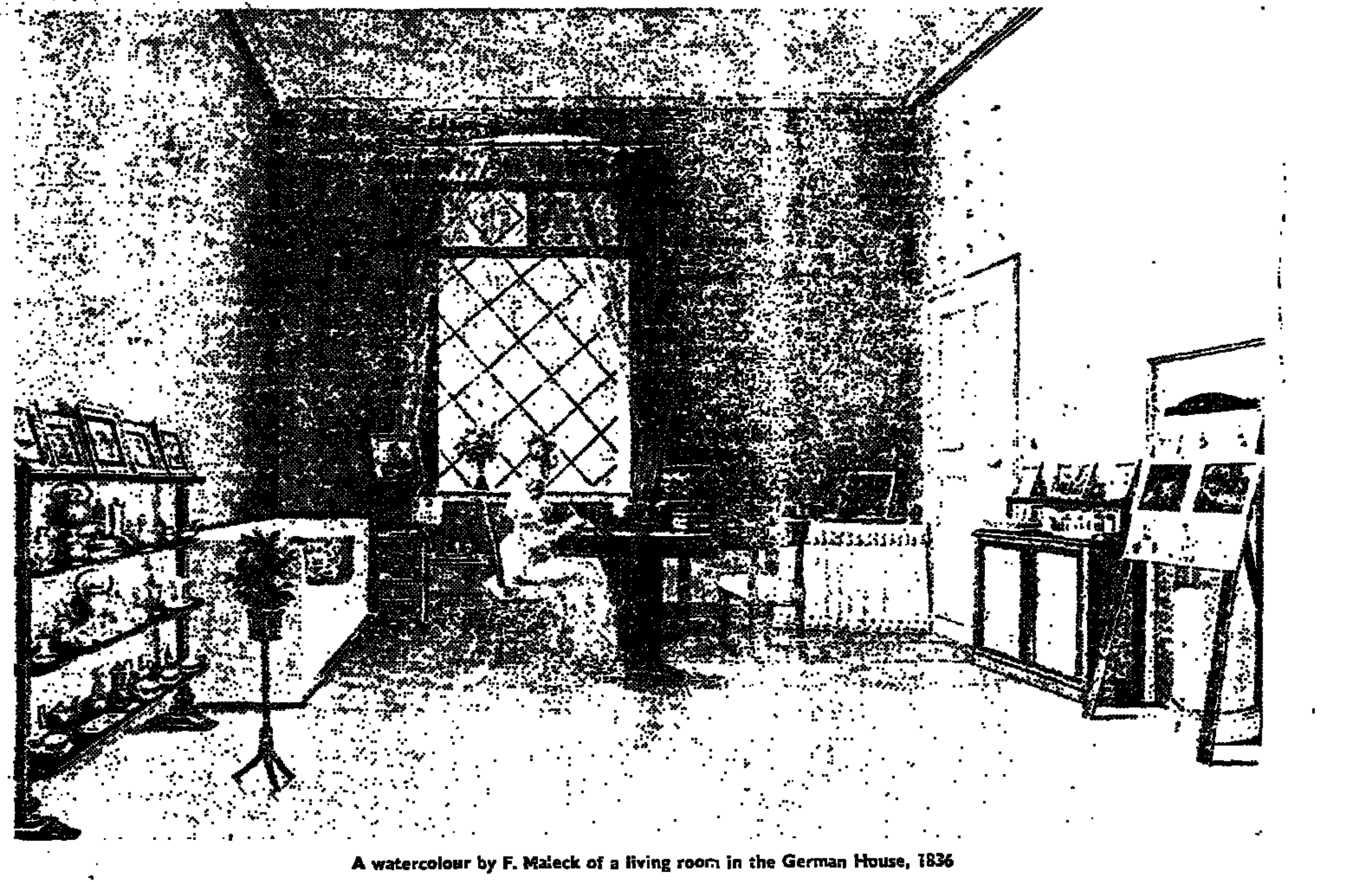
The sub-title of the entrancing exhibition at the Victoria and Albert Museum (until April 1: entrance £1.25) is "The Biedermeier Interior 1815-1848." This describes the exhibition precisely, but is unlikely to fill other than highly specialised British bosoms with a lust to visit it. Hence presumably the main title overlaid — "Vienna In the Age of Schubert." This is neither precise nor quite right, but I sympathise with the organisers' difficulty, and hope that no Schubert-lover will be so aggrieved by the lack of Schubert in the exhibition that he leaves it without allowing its total charm to soothe his disappointment. In an iron winter, rigid not only with hostile weather but even more with the results of man's inability to manage his own affairs, competent neither to dispose of his ordure, nor to make efficient provision for the sick or aged *members of his society, this* exhibition has offered evidence of human well-being. In Vienna, between 1815 and 1848 and the onset again of Modern Revolution, they managed it.

The exhibition has been assembled from Austrian collections, especially those of the Österreichisches Museum für angewandte Kunst which was founded in Vienna in 1864 in emulation of the Victoria and Albert in London, and its emphasis is on the applied arts: furniture, silver, porcelain, glass, also costume, but with the so-called fine arts in a minor supporting role, decorative. The aim has been to evoke, in the relatively large but ephemeral context of an exhibition space, the closed, finite, consoling stability of the bourgeois interiors of the Biedermeier period. Unfortunately, the term "bourgeois" has become hopelessly overloaded with emotive and pejorative associations, while there is no English equivalent for Biedermeier. For me, the latter word strikes echoes, entirely unjustifiable but inescapable, of Pooter and The Laurels, though they might be held to illustrate a late debasement of the Biedermeier lifestyle. The word is a concoction of the 1850s, and originally derogatory in intention: "bieder" means plain, inoffensive (almost-dread word—wholesome); "Meier" is one of the commonest of German surnames, equivalent of Smith or Brown. So that an English equivalent might seem almost to be found in "plain Jane." But in fact the style is handsome, opulent if not flashily so, solid but not heavily so—and above all, on the evidence of the exhibits here, beautifully made and finished. It may tend towards the ponderous, in a *gemütlich* sort of way: an example is what is described as a "waste-paper basket." This stands some 2 ft 6 in high, in the shape of two vast tomes modelled in glossiest mahogany and sycamore with a touch of ebony inlay, standing on a prone third volume. Out of context this might sound an almost obscene and elephantine whimsy. In context, I found it quite acceptable, apart from a mild unanswered curiosity as to how one gets the waste-paper in. Or out. The implication though that a great many real books are both too big and constituted of *waste paper, is not unattractive.* Or dated.

The furniture is generous in proportions, at times ample. This is the period when the upholsterer's craft suddenly learned how to case the whole carcass with a yielding yet resilient welcome, but the curve, the loop, inform wood and stuffs alike. In wood, the solid, sturdy Tuscan columns bear unflinching occasional table-tops or desks. A mahogany prie-dieu, monumental but cushioned, invites to gracious, orderly praying. Low on the floor at its side, a delicate flower-like contraption in figured walnut opens its calix: it is a spittoon. Silver gleams; the basin and jug on the washstand are in hyacinthine blue glass; porcelain (magnificent representation of the Vienna Porcelain Factory's wares) is brilliant with enamel colour (and even more with gold) and so too is the glass. I would have liked a few more of the many clocks to be in action, but their silence too was eloquent (time must have a stop) and their physical elegance, the visual no less than mechanical virtuosity of their anatomies, remarkable in variety as in quality.

The great success of this exhibition is however not so *much in the individual quality* of the exhibits, but in its creation of a new experience. Its tranquillity, on a base of white and honey-blond, so placid and yet so positive, has been established by the most discreet and precise calculation of interval, of the relationship of one object to another. Designed by Paul Williams, it is refreshingly beautifully made and free of gimmicks. I would have been happy without the tapes, subdued though they were—muted Schubert music at one end; and musical base of glockenspielish tinkle at the other (it seemed to me there was a point half-way through where they jangled and for a panic moment, I was Caliban). The dried flowers alone (by Ken Turner) are worth the money, and not at all extraneous.

There are lots of little, rather gauche, water-colours here, of Viennese interiors, the furniture, the flowers, the ornaments, becalmed in an eternal afternoon. Maybe it could be claustrophobically stifling, though the only overt evidence of this is, curiously, in a brilliant *von Schwind pen drawing of* Schubert at the piano in a drawing room so stuffed with people that there can't possibly be enough air to go round. But to many, I suspect most visitors, this show offers an oasis of calm, of stability, of confidence. Hence no doubt much of its appeal in a time when we lack so signally all these qualities. Those guilt-ridden by history may bristle. All right for the smug bourgeoisie, who clearly had no servant problems. All right piper the capitalist entrepreneurs, the masters, but what about the sweated proletariat? I suspect that in fact the Viennese proletariat were as well, perhaps better, off than most of Europe's at the time in spite of blanket censorship and absolute monarchy. The commentary published to go with the exhibition (£2.95) includes a suggestion that "dogged conservatism" *is a typical* Viennese trait. Conservative or socialist, we could all use a bit more doggedness: the material standards, the quality of living, mirrored in this exhibition are *goals of which we, in a material* age but one increasingly of shoddy, seem at times to have lost all sight.



A watercolour by F. Maleck of a living room in the German House, 1836

Kenwood House

Woodward's Beethoven

by DOMINIC GILL

After the first two of Roger Woodward's eight recitals in the Orangery at Kenwood this month devoted to the complete Beethoven piano sonatas, I predicted that it would hardly be a smooth cycle—but that it would never be dull, and that the rewards could be great. Any such enterprise—and there are few pianistic enterprises more massive, or more taxing, than the performance of all of the 32 Beethoven sonatas in the space of 23 days—must have its peaks and troughs, failures and successes.

The low points have been not so much wrong as weird, obscure rather than bad, never thoughtless, but sometimes over-effortful—we witnessed, as it were somewhere along the line, a distortion, and once or twice a seizing up altogether, of the delicate three-part link of communication between composer, performer and audience. But the highest points have been memorable indeed—not for their quirks, but for their brilliance, there breadth of vision, their illumination, and instinctive firm grasp, of what makes this ever-new, ever-extraordinary music keep its freshness and its force over the centuries.

The penultimate recital last Saturday, which offered two performances of the Hammerklavier sonata, was one of these high points. Two performances: the original and somewhat rash scheme had been to play the Hammerklavier first "with the generally accepted notations, and secondly respecting Beethoven's original metronome markings." (It is a new approach entirely to begin a recital with a pastiche of the *kind* of interpretation the performer disapproves of. How far *should he go? Should he* try to make the first performance really appalling, or just mildly bad?) But in the event, just before his bis, Woodward asked us to ignore the note in our programme: he would play the Hammerklavier a second time, but merely because he loved the work, not to make any textual point.

His second Hammerklavier was indeed both a labour of love and an astonishing transformation—new-born, weightier and more electrifying, without any of the passing tremors or rough edges of the first. The first movement was if anything marginally more slow, but still terrifyingly fast, correctly without a trace of *maestoso*: a titanic overture which took hair-raising risks in its stride, soared to the grandest heights; a scherzo articulated with a marvellous variety of rubato tempi, crisp and clear; a fugue full of lightning explosions, fury at white heat—softened, though never for long, by *moments of exquisite lyrical* gentleness: but lyricism on the run, steel-sprung, with fire at its back.

It was not surprising that the next, and final, recital never managed to sustain—except in shorter, vivid flashes—the same exalted level. There were fine things in ops. 109 and 110, blurred sometimes by careless pedalling; but as whole spans, whole statements, they were uneven. Op. 111 was nearly a match for the Hammerklavier: wonderfully poised, tireless in its tension—another high point, superbly controlled and contained. Woodward is not a pianist to sit back satisfied: in 18 months he plays the same cycle again on the South Bank. With much thought, and some careful re-shaping of detail, it could be less bumpy a ride—and still more exciting.

Elizabeth Hall

Northern Sinfonia

by DAVID MURRAY

Besides Hanns Eisler's Septet No. 1 and Robert Saxton's new *Canzona*, in memory of Stravinsky, David Blake conducted the Northern Sinfonia in two of his own song cycles on Friday night. Teresa Cahill was the soprano soloist, obviously fully engaged by both works—and fully stretched, too, for their technical and expressive demands are wide-ranging. She met them head-on, enthusiastically and with plenty of lovely tone for the lushly expansive passages. The erotic evocations of *In Praise of Krishna*, Blake's 1973 cycle, called for much of that; Krishna's seductive flute was in fact David Haslam's, by turns curvetting elegantly and *murmuring languorously.*

The Krishna cycle is to be recorded for Argo, and I look forward to better acquaintance with it; but I doubt that it will disclose anything like the power of Blake's new Heine cycle, *From the mattress grave.* The Loti-esque atmosphere of the earlier work, for all its inventive elaboration—especially the lavish soloistic treatment of its nine instruments — is a late exhalation from the *fin-de-siècle*: the climate and the principles of the musical manner were fixed as far back as Ravel's "Flûte enchantée" and even Saint-Saëns. The gestures with which Blake fills out its contribution to the genre are delicately sketched, but they give it no new basis. *From the mattress grave* is another matter. And *in quite another* manner: it acknowledges Blake's teacher Eisler with perfect candour, but it gives as good as it gets—the debt is repaid with interest, and the total effect is not pastiche, but something toughly individual and ringingly consistent.

Blake's Heine is not the disappointed romantic who emerges from the endless 19th-century settings of his verses, but a dying man (hence the title), embittered, cynically amused, angry, raucous, wryly tender. Blake has set twelve poems — in German, and extremely well—which cover a daringly wide gamut of moods and thoughts; the music never "accompanies" them, but sustains a dialogue with them, commenting, elaborating, exposing a bidden sense. The eleven players are mostly treated orchestrally (or perhaps like a sophisticated cabaret band), though there are vivid solo turns like the ludicrously didactic bassoon's in "Heimkehr," a lampoon on academic philosophy. Just how far Blake has come since his Krishna cycle was impressively apparent: the oppressive sweltering of the 1973 Krishna song, for example, is pallidly rendered compared to the crepitating despair that Blake makes well up behind the hopeful words of his last Heine poem. The cycle is a sturdy and original achievement.

The performance of Eisler's charming, unpretentious Septet made a graceful tribute to him, *and of course thoroughly* apropos.

Festival Hall

London Philharmonic

by DAVID MURRAY

Happily restored to health, Mstislav Rostropovich appeared to conduct the LPO on Sunday night in Schubert and Prokofiev. The latter's *Alexander Nevsky*, the cantata he thriftily pieced together from his music for Eisenstein's film, was the *pièce de résistance* of the evening, and it featured Rostropovich's wife, Galina Vishnevskaya. Though her clear, candid soprano is not the voice Prokofiev had in mind for the single solo movement (he expected the richly plangent tones of a good Mussorgsky Marfa), she made a sufficient effect by sheer measured sincerity.

Otherwise the cantata needs unbridled fervour and lashings of colour, and Rostropovich ensured that we got all that. The London Philharmonic Choir doesn't make a notably Slavic noise, but they attacked their music with relish, and *carried it forward on waves of* full-throated enthusiasm. It was pleasing to recognise that Prokofiev tapped a vein of pure Balakirev for the Russian nationals' music in "The Battle *on the Ice*" — *perhaps* Rostropovich had found a special way of bringing that out, for it has escaped me in previous encounters with the piece. As usual, he swept his players *along with him in a dazzle of* conviction: the flat-footed peroration triumphed by faith alone (and, of course, its steam-roller weight of sound).

A performance by Richard *Hickox's chamber orchestra* a while ago persuaded me that Schubert's so-called *Rosamunde* Overture sounds best with modest forces; this time Rostropovich used the full symphonic *resources* of the LPO, and the result was a warm, amiable rendition, almost together. The delicious string accompaniment to the most memorable tune was muddy. No doubt the orchestra had its mind anxiously on the "Unfinished" Symphony to come, for Rostropovich imposed a reading of it that was calculated to tax them cruelly. He took the opening Allegro moderato as if, like the second movement, it were an Andante con moto, beginning in a terrified hush — theatrically effective in itself, but destructive of any sense of symphonic argument. (He managed to accelerate, with as much discretion as was possible, for each occurrence of the second subject.) Had Schubert really conceived a whole Symphony on the basis of such tempi, he might as well have left it unfinished: it would have stood small chance of a complete hearing in the 19th century. The players coped as best they could with the effort of sustaining the music. Naturally the actual Andante offered even less contrast than usual, though it was lovingly expanded. A weird performance.

Malvern Festival

The Birmingham Repertory Company returns to Malvern for the third in the current line of Festivals. They will give Shaw's *Misalliance* and Eliot's *The Elder Statesman*, with Paul Rogers (who played in *The Elder Statesman* at its first performance 21 years ago).

The musical programme begins with Elgar's Dream of Gerontius by the Royal Philharmonic Orchestra and the City of Birmingham Symphony Orchestra Chorus, conducted by Yehudi Menuhin. Menuhin will also conduct the orchestra in a concert that will include Elgar's Second Symphony.

Pinchas Zukerman will play *the Elgar Violin Concerto* with the Royal Liverpool Philharmonic under Simon Rattle, and in a recital will give the Elgar violin sonata and some Elgar études for violin that are seldom heard.

John Lill will play Brahms's Second Piano Concerto with the Birmingham Symphony Orchestra under Norman del Mar, and there will be recitals by, among others, Marisa Robles and Christopher Hyde-Smith (harp and flute), the Bochmann String Quartet and Sky, a new group formed by the guitarist John Williams.

The Festival opens on Monday, May 21 and runs until Sunday, June 10, when it closes with a concert that includes *Dame Janet Baker* in *Elgar's Sea Pictures.*

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U.S. aims in conflict

PRESIDENT CARTER is again raising the stakes in the Middle East conflict by calling for a modified summit meeting at Camp David later this week at which Israel and Egypt would be represented at head of government rather than head of state level. The move appears to reflect the President's view that the conflict can be settled by a further burst of intensive negotiations, while the fact that the format would mean President Sadat sending his Prime Minister, Dr. Mustapha Khalil, to match Mr. Begin of Israel implies that it is the Jewish state from which the U.S. now considers concessions due.

Independent

At first sight the initial misgivings of the Israeli Cabinet Ministers about such a summit may seem justified. Though Dr. Khalil would, it is said, be given full negotiating authority by his President, Mr. Sadat has not in the past shown any inclination to let his subordinates take flexible, independent action on major foreign policy issues and may be loath to do so now. Nor will it become clear, until the negotiators of both sides have reported fully to their Governments, how much progress was actually made at Camp David in the past few days of talks presided over by the American Secretary of State, Mr. Cyrus Vance.

The main stumbling block in the negotiations towards a peace treaty so far is the question of the linkage between the two framework agreements which were achieved at the first Camp David summit in September: her insistence that the signing of a separate peace agreement between it and Israel is firmly tied to the commencement of negotiations on the future of the West Bank and Gaza Strip.

Its insistence on this connection has become more urgent in the past few months as the full implications of Egypt's isolation within the Arab world have become clear. Saudi Arabia in particular has discreetly distanced itself from Egypt, while one result of the first Camp David summit was to push Syria and Iraq into an alliance that ended years of furious quarrelling. The collapse of the Shah's regime in Iran has not only brought the Palestine Liberation Organisation a new and important ally, but has made other states in the region yet more anxious about anything that could disturb their stability.

If Israel does not move further towards Egypt's demands, the outlook could be bleak. A separate agreement with Egypt, not linked to any meaningful concessions on the Palestinian issue, is not likely to make the Middle East a more comfortable place in which Israel can continue to exist. Above all it is far from certain whether President Sadat's regime would be able to survive a total sell-out of the Palestinians in the present circumstances. On the other hand if there were to be no agreement at all, and President Sadat had to rejoin the confrontation states, those in Israel who have always said that there can be no worthwhile negotiations with the Arabs will have been temporarily proved right, but that does not make the outlook for the Jewish state any brighter.

It is an appreciation of the general uncertainty of the region that last weekend led two senior members of the American administration to raise the question of the security of the U.S. oil supplies from the Middle East. Dr. James Schlesinger, the Energy Secretary, said that the issue of "a military presence" in the region was under consideration in the Carter administration, while Dr. Harold Brown, the Defence Secretary, said that in protecting oil supplies "we will take any action that is appropriate, including military force." While Dr. Schlesinger refused to speculate on what kind of military presence was under consideration, Dr. Brown indicated that it did not include the deployment of American troops. But one is left to conclude that at the very least the U.S. is seriously envisaging stepping up its supply of arms to the states in the region and supplying advisers to help them in training and using new equipment.

Sabre-rattling

Yet the fall of the Shah was due in part to the fact that he was seen to be defending the military interests of the U.S. and of the West. After that experience, now is not the moment for American government officials to talk of "a military presence" in the Middle East, however ambiguous the meaning of the phrase actually is. The installations for the production and supply of oil are delicate and almost impossible to defend by force: America can better guarantee its oil supplies by giving political, not military, support to the Arab states of the region and by steering clear of anything which sounds anything like sabre-rattling.

Company reports a la carte

YESTERDAY WE commented on the difficult issues raised by efforts to find a more realistic basis for reporting the financial results of the nationalised industries; and it seems only fair to enquire whether the private sector is doing any better. The conclusion, for the time being, must be that the state of company accounts is in some ways even more disturbing.

Misleading

It is now three and a half years since the Sandilands Committee produced what was intended as the last word on inflation accounting, but proved to be only the first quasi-official contribution to what has remained a furious debate. The debate has had one positive result — a general awareness that at a time of rapid inflation, historic cost accounts are dangerously misleading.

However, in the absence of any agreed formula for producing realistic figures in these circumstances, the result has been unfortunate. A growing number of companies appear to be mixing some of the ingredients of historic cost accounting with some of those of the current cost approach, more or less according to taste. In the end it can be very difficult for the user of accounts to compare recent with earlier years in the same company, let alone compare one company with another.

Some changes in traditional practices may well be changes for the better; such companies as Philips, for example, were making careful and explicit adjustments for inflation long before the national debate began. Other accounts, however, have attracted considerable criticism — where, for example, assets are revalued according to current costs principles, but depreciation provisions are not adjusted correspondingly.

The Stock Exchange, whose listing agreement says that companies are expected to observe accounting standards, has been remarkably silent on this problem. Given the paucity of new issues and new quotations, it seems to feel that it can justifiably avoid getting embroiled in the professional debate on accounting principles. Invoking a further principle known to the layman as fools rush-in, it argues that these matters should be left to the accountants.

The professional bodies appear to have lost heart for the time being. In the early 1970s, impressive progress was made with the promulgation of accounting standards. However, as the more controversial areas were approached progress slowed, and was virtually halted when the profession itself threw out the Morpeth draft standards for current cost accounting. The compromise Hyde guidelines on inflation adjustments are guidelines, not standards, and have themselves been criticised. The authority which the standard-setting procedure was beginning to exercise with management lost much of its impetus as a result of the resulting vagueness.

And what about the auditors in this situation? The best that can be said is that they have not distinguished themselves. The auditors argue, quite correctly, that accounts are the sole responsibility of management. But can this mean that the auditors accept no responsibility for saying whether a particular set of accounting policies give a true and fair view? The increasingly common audit opinion saying the accounts give the necessary view "in accordance with the historic cost convention, as modified by certain revaluations" suggests they don't. They are pronouncing essentially only on whether the figures add up.

A more disciplined approach is urgently needed, and can hardly be left to wait on the latest revision of the inflation accounting proposals, and no doubt the subsequent round of argument. This ought not to be an issue for the Government; it should be well within the competence of the Stock Exchange, backed perhaps by the Council for the Securities Industry. While the profession tackles the genuinely difficult problems of long-term standards, it is suitable for the securities industry, representing users of accounts, to say what is an acceptable interim standard, and to devise a procedure for enforcing any standards agreed.

Computer muscles for civil servants

BY PAUL TAYLOR

THE rapid increase in the use of computers as a basis for administrative work in the Civil Service has provided civil servants with real industrial muscle.

The decision of the two civil service unions to direct their current selective strike action primarily against government computer installations is a simple recognition of this fact.

The Civil and Public Services Association and the Society of Civil and Public Servants believe that by involving the minimum number of 1,300 members in key computer departments they can inflict the maximum damage—at least in the short term.

The unions' expressed aim—to halt the flow of about £500m a week in revenue and other funds to the Government and to stop weekly payments to industry totalling between £150m and £200m — demonstrates the power and responsibility that has been vested in those who have the power to stop computers.

In 1970 there were just 103 major administrative computers in the Civil Service. Today the number has almost doubled to about 200.

During the same period the number of civil servants engaged in government computer work has increased to a total of more than 14,000 of whom those with direct power to throw the switches—the operations staff—are about 1,800. This rapid increase in the number of computers and civil servants working with them has coincided with a substantial increase in trade union membership in the Civil Service.

The use of computers to perform clerical tasks in the service has brought greater efficiency, cost savings and increased legislative flexibility. It is doubtful whether Value Added Tax could have been introduced without computers or whether Britain could run such a complicated social security benefits system.

It has, however, created a much greater dependence on, and therefore vulnerability to, administrative functions based on computer systems.

This has been widely recognised within both the Government and the Civil Service although the sensitivity of the subject has perhaps led to a situation in which the repercussions of disruptive strike action have not been fully publicly debated.

In April last year the Civil Service Department published a report on administrative computing in central Government. Among its observations and recommendations was a short reference to the impact of industrial action by computer staff.

It said: "A possible threat is that our own key computer-operating staff, who could easily cause disruption disproportionate to their relatively small numbers, may withdraw their labour; this possibility makes computers attractive targets for selective industrial action in furtherance of a national dispute."

The report continued prophetically." this also emphasises the need for good industrial relations in this field." Although stand-by arrangements in the case of industrial action or natural emergency had already been investigated, the report concluded that "there are some circumstances in which effective alternative arrangements are impractible."

However, the Civil Service Department also compiled a secret report latter last year about the vulnerability of Government administrative computers to industrial action. It concluded that lengthy industrial action could cause great difficulty and inconvenience but that the Government could survive such action without fatal damage to its operations or an unacceptable risk to public life.

Pay, pension, benefit, taxation and statistical computers are all sensitive to industrial action although the impact—severe in the short term — would be unlikely to cause long-term breakdown but there would be delays and disruption.

Contingency plans for such an event have been prepared by the Government. Lord Peart, Lord Privy Seal, said yesterday that he was unwilling to reveal the nature of these plans. However, among the possibilities believed to have been considered are that the Post Office could take over some of the work of social security an deployment offices —although this would depend on the co-operation of the Post Office unions—and the use of banks and other financial institutions to perform some of the more important departmental functions such as the payment of Government contractors and the maintenance of export credits, with the Government refunding them later.

Strategic function

A similar report about the effects of industrial action on military computers was prepared by the Ministry of Defence which suggested that military personnel could sustain strategic computer functions—such as air defence and front-line weapon systems. But supply maintenance and spare parts services might suffer. The situation in the Ministry, which operates about 240 computer installations, is complicated by the mixture of civilian and military personnel.

The biggest problem, which has so far remained unanswered, is how long the operational efficiency of the Armed Forces can be maintained during a strike by civilian computer operators. It was thought likely that the Navy would be the most vulnerable because all its shore-based supply and pay computers are civilian staffed.

While the Civil Service still considers it too early to anticipate the full short- and long-term effects of the strike, some of its more serious implications are already becoming apparent. At Southend a strike by 142 computer staff has closed down the Customs and Excise VAT computer although there is a dispute about the extent to which this will hit revenue. The unions claimed yesterday that the shut-down would cost the Government £500m a week in lost revenue but this was later dismissed by Whitehall officials who said total weekly VAT payments only totalled about £122m.

Local VAT offices are expected to remain open and although the department accepts that "the computer might be out of action for some time" some of its work will be done manually. However, while traders have been advised to continue sending all due payments to Southend no repayments will be made and this could, the unions claim, affect payments of about £100m a week to industry and commerce.

Overseas business has been affected by a walk-out of cypher clerks in the Foreign Office communications system who code and decipher confidential messages between Whitehall and embassies abroad.

At the Ministry of Defence's top secret Cheltenham communications centre it is understood that the Government has agreed not to bring in military computer operators. This in return for a commitment by the unions to maintain the so called "American link" for confidential military and security information.

Ministry of Defence computers in Liverpool and Chorley have also been halted—action involving just 30 staff—which will affect the maintenance of accounts and the payment of MoD contracts to British industry said to total between £50m and £100m a week.

A strike by 84 computer staff at the National Savings Department's computer in Lytham St. Annes will stop or delay the payment of National Savings securities, Premium Bond prizes and dividends on Government stocks held by National Savings.

Grants and subsidies to farmers, worth up to £6m a week—together with statistical services and the payment of salaries to 14,000 civil servants —have been hit by the closure of the Ministry of Agriculture, Fisheries and Food's computer at Guildford.

The dispute has halted payments of agricultural capital and development grants worth more than £300m last year, and the compensation of £45 a pig currently being paid to farmers smitten by the pig disease epidemic on Humberside. All statistical services are paralysed and payments of Common Market groups for restructuring the dairy industry are not getting through.

Government payments to builders and furniture suppliers, worth about £15m a week, have been hit by the shutdown of the Department of the Environment's computer at Hastings, which also arranges the payment of rents, gas and electricity bills on Government properties.

Access to company records at Companies House in London and Cardiff has been suspended, and incorporation of new companies at the Cardiff Office has all but ceased. As a result, companies may well turn to credit investigators for background information about their customers.

Whether in the long term the strike will have continuing effects on central government administration is still unknown. Certainly lengthy delays can be expected as departments attempt to process the backlog of work which will build up if the strike continues for more than a few weeks.

Perhaps more important will be the effect any future dispute have in the Civil Service. If the next decade the whole of the Pay-As-You-Earn tax system is expected, under present plans, to be computerised, and clearly the impact of a strike then would be very great.

Ashley Ashwood

CPSA members picket the Ministry of Agriculture Computer Centre in Guildford and a staff manager works alone in its computer room.

The nub of the unions' case

BY PHILIP BASSETT, Labour Staff

COMPARABILITY IS fast becoming the public sector pay straw at which the beleaguered Government seems to be clutching, and it is at the heart of the strike action being taken by members of the two largest trade unions in the Civil Service.

Pay for about 65 per cent of civil service grades, up to the level of Under - Secretary, is determined by negotiation on the findings of the independent Pay Research Unit, which compares civil service pay rates with those in outside industry. The unit then produces a series of reports showing figures that form the basis of negotiation between the unions and the Civil Service Department.

The unit was suspended in 1975 at the start of the present series of pay controls. It was reactivated by the Government last year for this April's pay settlement, though with the added rider that its findings had to be subject to Government pay policy.

The suspension of the unit would have been enough to inflame many groups of workers, because it had been the basis for civil service pay determination since 1956. But the civil service unions accepted the Government's action until the greater flexibility that was thought to be available at the start of Stage Three.

The pay policy rider, however, did infuriate the unions, which felt that once again their loyalty and traditional lack of militancy would leave them as the public sector whipping boys.

The Government was forced to lift the rider and offer to base this year's settlement on the PRU findings—but as a phased deal. That was after it became apparent that the threatening noises from the staff side of the National Whitley Council, representing all 600,000 white-collar civil servants—including a planned programme of industrial action and the setting up of a £1m fighting fund—were going to involve firm action by the Civil and Public Services Association and the Society of Civil and Public Servants.

The movement by the Government was enough to convince some already-wavering CPSA and Society members that last Friday's one-day national strike should be called off. But the unions were insisting that the vagueness of the offer—it did not detail how much was to be be paid in April, how much in subsequent stages, and what would happen to next year's PRU reports—was such that further strike pressure had to be applied.

The Prime Minister's attack on the proposed action in the Commons last week, when he called it "unnecessary and unjustified"

The unions remain convinced that of Mr. Callaghan's strong response stemmed from the Government's belief that when it really came to a crunch, the Civil Service would not make trouble.

But Mr. Alistair Graham, deputy general secretary of the CPSA, who has been the prime mover in organising the selective strikes aimed at the Government's computer services, said yesterday: "The Prime Minister must think we are the soft under-belly of the trade union movement. I hope he is now thinking again."

The unions also said yesterday that Mr. Calaghan's involvement in the dispute came late: he had asked the Civil Service Department for their evaluations of the PRU reports only two days before the crucial meetings between the unions and Lord Peart, at which the incomes policy rider was removed.

Union estimates of the PRU evidence indicate that rises of 23-26 per cent are due for clerical assistants and 25-33 per cent for clerical officers, who form the bulk of CPSA members, and 26-36 per cent for the middle-ranking executive officers who form the broad base of the Society's membership.

Some estimates have put the rises due for the higher grades of staff up to Under-Secretary level at an "embarrassingly high" 45-50 per cent.

The reasons for the militancy of the CPSA and the Society lie in the changes in the attitude of the staff they recruit and are not so far shared by the other seven Civil Service unions. Although the others have instructed their members not to take on work normally done by CPSA and Society grades, they have urged them to cross picket lines if necessary.

Many of the staff now doing clerical work in the service took the jobs for security of employment, but they no longer seem prepared to accept traditional Civil Service attitudes.

Society members point to their union's information which shows rises of £494 for comparable jobs in the private sector compared to the £313 Civil Service rise under Stage One; £605 compared to £208 under Stage Two; and 16 per cent compared to 9.5 per cent under Stage Three.

Both unions stress that the rises due under the PRU exercise will only allow their members to catch up with present private sector rates, and take no account of comparable pay settlements beyond the agreement date of April 1 for the Civil Service.

The general secretaries of the Society and the CPSA point out that their unions' pay dispute is a test case for the comparability principle now being offered as a way to settle the local authority and health service workers' dispute and which will be used in July for 183,000 non-industrial civil servants.

MEN AND MATTERS

Taking it on the chin

Go into any Post Office and you can collect a bright new Government leaflet listing what dental patients are entitled to under the National Health Service. Go into almost any dentist's surgery and you will find that the leaflet is strictly inaccurate.

The leaflet says that under the NHS, a crown or a gold filling costs £10. So it does, if the dentist agrees to do the job on the service. But in London and most other parts of south-east England the dentist will only crown a tooth as part of his private practice. The going rate is then £100.

The refusal by dentists to provide crowns — and still less, false teeth — on the NHS is fast spreading outwards from the metropolis.

Ronald Allen, British Dental Association secretary, told me yesterday that under the NHS a dentist receives £26 for putting on a crown, including the patient's £10; the technician's charge averaged around £20, making the whole affair unprofitable for a surgeon paying high London rents.

A rather different piece of arithmetic came from Trevor Roadley, secretary of the Dental Laboratories Association, representing nearly 70 per cent of technicians. He told me that average charge for an NHS porcelain crown from one of his members to the dentist was £7.50.

Roadley also said that the average charge for a crown done privately was £12. This would seem to give a dentist in the most highly-priced surgery a pretty good margin, at £100 a time.

Back at the BDA, Allen agreed with me that an NHS dentist reckons to make most of his profit by doing privately the work he refuses to do on the service. Why do dentists in the provinces still supply crowns, and the like, on the NHS? "The expectations of patients are generally lower there," said Allen.

"Wee, sleekit, cow'rin', tim'rous beasties!"

However, Roadley asserts that NHS and private crowns are "basically the same." Sometimes the technicians do not know which part of a dentist's practice they are serving.

The Department of Health and Social Security, which drafted the new leaflet, claimed yesterday that a patient's local Family Practitioner Committee is obliged to find a dentist willing to do all work on the NHS. I asked Allen whether this would work in London. "I doubt it," he said.

The best policy for Londoners, as far as I can see, is to catch a train out to the provinces, where the dentists are lagging behind their more thrusting, big city colleagues.

Rainmakers

Religion may or may not solve all of Iran's problems, but in nearby Jordan the religious authorities have stepped in on an altogether different note to try their hand at improving the national welfare. After six weeks of drought, the Islamic Religious Affairs Ministry has declared an official "Pray For Rain Day."

Cup that cheers

Locked as usual in dispute with Anthony Wedgwood Benn, officials of the Central Electricity Generating Board may be relieved to know that he still keeps on his bookshelf a curious memento of a visit to the CEGB a year ago. The routine ministerial trip to Sudbury House came at a time when, as usual, Benn was in dispute with the electricity men, this time about a proposed power station at Inswork Point, near Plymouth. The CEGB wanted it to be oil-fired; Benn, a well-known devotee of coal, predictably did not, and kept delaying a decision on approving the money.

Some sort of present being customary for visiting ministers, a board member suggested an appropriate gift might be a loving cup, the sort with two handles. The witty Fred Bonner, deputy chairman, who was in charge in the absence of chairman Glyn England, approved, and a cup was produced, somewhat tactlessly commissioned from Wedgwood's. On the bottom was a hand-painted war-time cartoon figure and the legend "Wot, no Inswork Point?"

By the time of the Energy Secretary's visit, England had returned, and dissociated himself from the idea, pronouncing it "frivolous." In an atmosphere of mounting tension, Bonner showed the courage of his convictions and handed over the cup. All was well. Benn roared with laughter—and a few weeks later vetoed the capital spending, and told the CEGB to get back to the drawing board.

A decision is once again imminent. Benn's aides tell me, ambiguously, that the loving cup will not be affecting his judgment.

"Sorry to rob you"

Mardi Gras in Rio will be the occasion for all manner of mayhem: as I reported yesterday, the whole of this week's festival is underpinned by racketeering. But Anne Clemitson, who works for a London re-insurance company, insists that violence Brazilian-style is not without its gallantry. She speaks from personal experience.

Earlier this month she was in Rio and was set upon by a mugger in a lane leading to one of the city's historic churches. In lightning succession, the mugger snatched off her wristwatch, tried to take her handbag, then threw her to the ground. After something of a fight, her assailant gained control of the handbag and inspected its contents. With a sorrowful expression he picked Miss Clemitson up off the ground, dusted her down and handed back the bag as not being worth stealing. "Very sorry, madam," he said. "Never come here again. This is not a safe place."

Wilder yet

By early delivery yesterday, an appropriate postscript to egg-on-the-face-week in Threadneedle Street. Two institutional investors, expecting to get the 10 per cent allotment prescribed for all large applications for the new tap stocks, were delighted to learn in the mail that the Bank of England had relented, and granted their applications in full.

Not only that, but they received cheques to cover the 90 per cent which they did not expect to get—no mean sum, since one application was for about £10m, and one for over £30m.

Even last week, as they watched the prices zoom up, some brokers were remarking that the Bank of England had been giving the stuff away; but they can hardly have expected it to go this far.

Observer

Four-wheel drive

By KENNETH GOODING, Motor Industry Correspondent

LAND-ROVER today launches a new model, its first in eight years, offering a bigger engine to give higher speeds on the road while improving the pulling power in low gear across country. The timing is impeccable and indicative of the increased speed of action to market events within BL, as British Leyland is now called, following the latest restructuring.

The new Land-Rover was scheduled to make its first appearance in September of this year. But the introduction was speeded up so that it can go on display at the important Geneva Motor Show later this week and take some of the attention away from the latest Mercedes range of four-wheel-drive, cross-country cars called the "G" (for "Gelaendewagen") previewed earlier this month.

The launch of the cross-country Mercedes, produced in partnership with Steyr-Daimler-Puch of Austria and assembled in that country, has generated considerable excitement among potential competitors in the four-wheel-drive sector of the market.

Also spurred on by the "G" model's launch, Mercedes' neighbour in West Germany, VAG (as the Volkswagen-Audi group now prefers to be described) presented its own contender earlier this month at the Amsterdam Motor Show. Called the Iltis, it is the civilian version of a four-wheel-drive vehicle previously supplied in large numbers to the Dutch army. The Iltis is much more rudimentary than either the Land-Rover or the "G" series vehicles—it has no doors, for example. It is powered by a 1,700 c.c. version of the Passat petrol engine, and will be built at the Audi plant at Ingolstadt, near Munich.

Like the new Mercedes, the Iltis should begin making its appearance on and off Continental roads from mid-summer onwards.

Although the new German vehicles might not appear in the UK in right-hand-drive form until later, Britain will not be short of four-wheel-drive action this year. Promotion activity for Jeep and Daihatsu models will be stepped up by the importer, a subsidiary of Tozer, Kemsley and Milbourne, while both Toyota and Suzuki promise new four-wheel-drive vehicles for the UK before the year is much older.

Renault's deal

This heightened activity in the sector was preceded by Renault's deal with American Motor Corporation (AMC) in the U.S. This was seen mainly as a useful platform for the French group to introduce some of its models to a stronger and more widespread dealer network in the U.S. But the quid pro quo was that Renault will see what it can do to sell Jeeps in selected markets, including France, Colombia and others still to be chosen.

Eighteen months or so ago Renault was also negotiating with BL about taking 10,000 Land-Rovers and Range Rovers for its network in exchange for providing a mid-range, built-up car to the UK group. This deal fell through because Mr. Michael Edwardes, BL's new chairman and chief executive, could not see how his company could find all those Land-Rovers and Range Rovers without starving some other export markets even more severely.

So, on the face of it, Renault seems particularly determined to add well-accepted four-wheel-drive models to the range it already offers. But the truth is that in simple terms, there has to be a balance-of-payments balancing act in any major international automotive deal these days.

This means that Renault must take something in exchange for the cars it will send to America (or would have sent to the UK). But it would prefer to take a vehicle which does not compete with anything it is making itself and therefore does not damage job prospects in France.

Daimler-Benz (Mercedes), like Renault, sees four-wheel-drive vehicles as a natural diversification of its car and truck operations.

And, as with cars and trucks, there is really no such thing as "the four-wheel-drive market." It is just as fragmented in its own way as the market for passenger cars and to a great extent parallels the car market in the variety of models available.

They range from small runabouts offered by such companies as Daihatsu and Suzuki, through the work-horses represented by Land-Rovers and Toyota Land Cruisers, to the executive-type Range Rover and "leisure vehicles" from the Americans. There are four-wheel-drive vehicles that look like ordinary cars—the Subaru is an example—and conversely there are two-wheel-drive vehicles which have the rugged, go-anywhere appearance of all-wheel-drive models, a variety typified by the Simca-Matra Rancho.

Obviously, demand for the workhorses — from farmers, foresters, police, military, fire brigades and so on—is the least likely to suffer from the vagaries of fashion changes and is the most solidly-based. The fact that BL produces about five times as many Land-Rovers as it does Range Rovers puts into perspective the importance of the workhorse in the market at large.

BL's market research has been sharpened considerably in the past couple of years and at the Land-Rover subsidiary they estimate that the four-wheel-drive market world-wide is around 1.4m vehicles, with the U.S. responsible for about 1m of them, the Comecon countries 200,000 and the rest of the world 240,000.

It is in the "rest of the world" that the new Land-Rovers, developed after careful research to see what the market requires, will compete.

American Motors is the world's biggest four-wheel-drive passenger vehicle manufacturer, and produced around 160,000 Jeeps last year. Also in the U.S., General Motors, with the Jimmy and the Blazer, made perhaps 120,000. And around 40,000 Ford Broncos took the road last year.

Outside the U.S., Toyota is the major producer, last year turning out 133,000 Land Cruisers (of which 124,000 were exported). Among the other Japanese manufacturers, Nissan has an output of around 20,000 Patrols while Daihatsu makes a similar number of its four-wheel-drive vehicles each year.

In Europe, Land-Rover, which made 50,000 vehicles last year, and Range Rover, which made 10,000, put BL in the big league. Exports accounted for nearly 80 per cent of the total. The new Land-Rover range will be for export only.

Modest

Against this, the 11,000-a-year production planned initially for the new Mercedes-Puch range is extremely modest.

The U.S. represents a big share of the total market but is not particularly attractive to the European producers of four-wheel-drive vehicles. There are three major constraints:—

The American anti-pollution legislation gives European makers the problem of meeting stringent emission control standards for the engines they use;

A high level of volume is required to support a viable dealer network. Land-Rover estimates that a company would have to sell about 10,000 vehicles a year if it was starting from scratch. Land-Rover itself could probably get away with a lower number—perhaps 5,000 a year—because its parent, BL, already has a specialist vehicle network in America selling some of the Jaguar-Rover-Triumph models. And, once the expansion programme for Land-Rovers and Range Rovers is completed, the company will probably have the product available to tackle the States at last after many years when vehicles have been in very short supply.

Competitive prices provide the third constraint. The Americans are used to cheap motoring and might well be reluctant to stump up the premium prices for European-quality, four-wheel-drive vehicles.

In the U.S., demand for the bigger four-wheel-drive, "leisure" vehicles has been growing because the 55 mile an hour speed limit is for the most part rigidly enforced and there are plenty of opportunities for drivers to get off the highway and have some fun.

In Western Europe these opportunities do not crop up to the same extent. But the "leisure" aspect is reasonably important. Daimler-Benz's research showed that the majority of cross-country cars in West Germany were registered in the Munich area. Two-thirds of those people who bought them already had another car. And yet they did considerable mileage in the four-wheel-drive vehicle—an average of 27,000 kilometres a year.

From this, D-B deduces that most of the four-wheel-drive cars are sold to people who want to be sure they can still travel when on-highway conditions become difficult and also need a vehicle which can get them to the winter sports areas and back.

This certainly fits in with the picture in the UK of Range Rover owners spending less than one-tenth of their total mileage off the road. "Leisure" use is a small part of the whole but potentially could be more important in the future. But it is no easy task to match this sort of market demand with that of the developing countries, where vehicles have to face genuinely rugged conditions and need ease of maintenance and repair. BL splits production between the Land-Rover and the Range Rover to cope with the problem. Daimler-Benz and its Austrian partner are attempting to satisfy both the sophisticated and unsophisticated markets with one range which offers a variety of body shapes and engine specifications.

For any company which gets the mixture right, the medium-term prospects are excellent. Daimler-Benz reckons that the market for cross-country passenger cars is growing at an annual rate of between 5 and 10 per cent a year. Land-Rover estimates it is more like 14 per cent per annum in the territories it covers (which exclude the U.S. and Comecon).

Profitable

And it is a highly profitable business. BL is spending £280m to double production of Land-Rovers and Range Rovers, to 75,000 and 24,000 a year respectively, by 1982. Mr. Edwardes has said "this will be one of the most profitable investments in the motor industry for many, many years."

Daimler-Benz insists "there is no indication that the market will become saturated over the medium term." Indeed, nearly every time a new style of four-wheel-drive car arrives on the scene it seems to carve out a new niche for itself. The market fragments a little more and expands a little more at the same time.

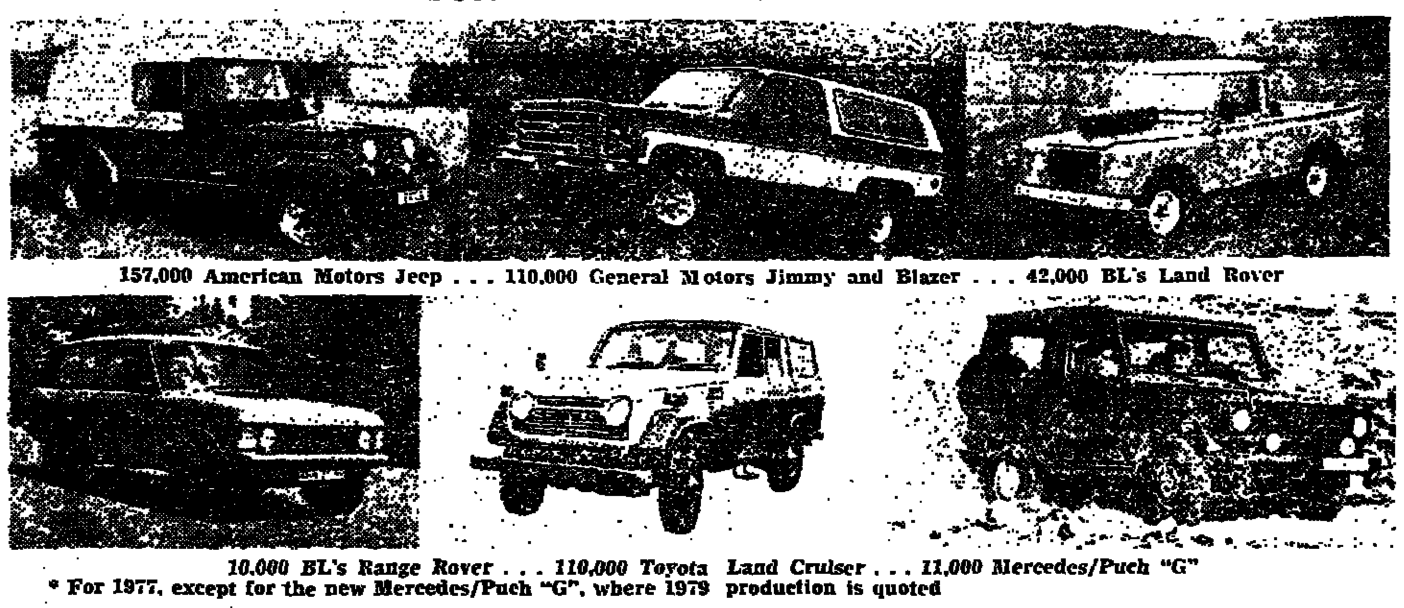
The big question about the longer-term future, however, concerns the Americans.

Only 24,000 Jeeps were exported last year. But American Motors could do better in future simply because Renault will be trying to make some profit on selling Jeeps, and in markets such as the UK distributors have woken up to the opportunities presented.

One day, however, the U.S. producers themselves might begin to think more seriously about exporting and increase their low-cost production to provide the extra vehicles which would be needed.

At the moment, there seems little likelihood that this will happen with conventional cars and trucks because the U.S. manufacturers have their manufacturing facilities for such vehicles scattered strategically around the world. This is not the case with four-wheel-drive vehicles, however, and if the Americans ever decide to test their export potential, the Europeans and Japanese could be in for quite a struggle.

FOUR-WHEEL-DRIVE VEHICLE OUTPUT*



157,000 American Motors Jeep . . . 110,000 General Motors Jimmy and Blazer . . . 42,000 BL's Land Rover

10,000 BL's Range Rover . . . 110,000 Toyota Land Cruiser . . . 11,000 Mercedes/Puch "G"

* For 1977, except for the new Mercedes/Puch "G", where 1979 production is quoted

Letters to the Editor

The biggest employer

From Mr. D. Andrew

Sir,—I am amazed by the obvious relish with which the Labour Members in the House have seized on Prince Charles's remarks about managerial incompetence.

They obviously assume that they indict private industry, but when one considers that this sector now accounts for about 30 per cent of the British workforce, it must be obvious that the comments apply with even greater force to the public sector, where, after all, we have had most of the industrial action this year.

No doubt the MPs who have been advocating crash courses in personnel management techniques will bear this in mind, and ensure that these are adequately balanced with at least 60 per cent of the students coming from the public service sector, and the nationalised industries.

D. M. Andrew.
43, Craigkennochie Terrace,
Burntisland, Fife.

Be a robot or revolt

From Annette Rimmer

Sir,—Well done, Prince Charles. I am in the 58th year of my working life and I believe that Prince Charles was right in what he said.

After all my years of work I know that the greatest cause of trouble in any organisation is lack of communication, and inability of the man on the floor to get into direct touch with the man at the top.

Other nations are making some effort to tackle this problem (cf. the Japanese and their application of Zen philosophy to work conditions) and that is why they have less "industrial unrest." The expression "industrial unrest" indicates how workers are regarded—as "units of production": otherwise the expression would be "human unrest."

In modern working conditions one reaches a point of choice—become a robot or revolt.

Annette M. Rimmer.
Larrside, Elwy Gardens,
Llandudno, Gwynedd.

Making goods or headlines

From Mr. R. Freer

Sir,—Good for Prince Charles. Despite the fact that people are better educated and better informed than even 30 years ago, the gulf between the managers and the managed doesn't seem to get any narrower. No wonder graduates shun industry. If the managed are not involved in the management responsibilities and decisions which affect their working lives, the result is bound to cause frustration and create industrial troubles. Which will get worse and not better.

An industry should respect all its employees, whether they are engineers or not. And if some of our engineer-managers wielded spanners and wore overalls it might solve a lot of these problems. It might also make them better engineers and better managers.

One reason that people strike is because they can't stand their existing working conditions. Perhaps we should build a completely new set of theory Y factories (which the graduates would be queueing up to join) in parallel with our troubled theory X factories, too many of which have to be propped up by the government. One can make the goods and the other can make the headlines.

Politicians may remember they set up an organisation which could encourage a process just like this. It was called the National Enterprise Board.

Robert Freer.
27, Campbell Drive,
Bearsden, Glasgow.

Management practice

From the Managing Director,
Belvedere Associates (SAB)

Sir, — Hurray for Prince Charles, for he has shown a finely tuned appreciation of the ills of current management practice. His observations are accurate, timely, and sorely needed.

The situation that prevails in industry and commerce today is clear. We are in a mess! We are very wasteful of materials, opportunities and human talent. We are operating way below our peak performance.

The unions blame the management and Government, the Government is dissatisfied but reluctant to lay blame for fear of the consequences, and managers blame unions and Government.

Of the three major participants, only management has the duty to manage and bring about higher performance. If one is a manager one will get criticised as a consequence. There can only be one effective reaction—take it and seek a positive resolution.

Management is about influence, communication is the vehicle, and the Prince has drawn attention to the evidence that the conductivity of communication is not, as yet, good enough! The pace of change is outstripping the capacity of management to cope in its present form. Therefore management needs to look for extra resources to advance its performance.

There is a lack of skill amongst managers, not through default, but through lack of awareness. What is disquieting is the refusal to countenance a need for change.

Managers should quest for greater understanding before it is too late. Managers need more incentive and freedom to be enterprising, and will only get it by earning it.

John Ball,
Suite 44-48,
Kent House,
87 Regent Street, W1.

Blaming the post

From Mr. R. Parekh

Sir,—I posted from two separate London pillar boxes two applications by first-class post, typing on each envelope "first-class" on top left-hand corner and addressed to Bank of England, New Issue Department, as required on the application forms (cut out from your newspaper), between 4.30 pm and 6.30 pm on Wednesday, February 21, which the Bank of England obviously received on February 22, as both applications were returned to me by first-class post on the same date and received by me on the morning of February 23 with the following note: "I regret that as the stock for which you applied was oversubscribed, no allotment is being made in response to your application. Accordingly the remittance which accompanied your application is returned. Yours faithfully, G. L. B. Morgan, Chief Accountant." On telephoning the Bank of England on February 23 I was merely told that the applications might have arrived after 10 am.

I am convinced that a substantial number of readers had a similar experience. This to me seems very odd.

R. J. Parekh.
25-B, Cintra Park,
Upper Norwood, SE19

Gearing works both ways

From Mr. N. Black

Sir, — The massive rush of applications for the recent "tap-stocks," with the lure of money for nothing, provides an interesting example of gearing working in both directions.

An institution told of an expected 1 point premium on the long-tap Treasury 13¾ per cent 2000-03 by its broker on Wednesday evening may have been induced to sell, say, £1m Exchequer 12 per cent, 1999-02, stock for the price then of 86½ thus raising £866,250. This would be sufficient to apply for £5,777,500 of the long tap-stock at its partly paid issue price of 15. Due, however, to the heavy oversubscription, it would have been allotted only £577,100 of the stock at a cost of £86,565, together with a cheque for £779,685 returned by the Bank of England.

Between Wednesday evening and Friday morning the long end of the gilt-edged market rose some 2¼ points so that the premium when dealings in the Treasury 13¾ per cent, 2000-03, began was about 3½ points on the issue price, that is to say a gain of nearly 25 per cent.

Seeking to reverse the switch at the earliest opportunity, our institution could have sold its allotment at a price of 18½ for £106,763, which, together with the returned cheque, amounts to £886,448. The rise in the market, however, had meant that it would have had to pay 89¾ for the Exchequer 12 per cent, 1999-02, costing £893,750. Thus, it would have a loss of £7,300, or ¾ of a point, on the switch, before stockbrokers' commissions were allowed for.

Had the market stayed at Wednesday evening's level, the switch would have made a profit of around £3,300. But the 1 point cheapness in the price of Treasury 13¾ per cent, 2000-03, and the 6⅔ times gearing in issuing it partly paid at 15, were more than cancelled out by the 10 times degearing due to the oversubscription together with the 2¼ point rise in the market.

Nigel P. Black.
13, Pickwick Road,
Dulwich Village, SE21.

My word is my bond

From Mr. S. Green

Sir,—We were lucky in our applications for the recently issued tap stocks in that, although heavily scaled down, the forms lodged on behalf of our clients by our bankers and our brokers were accepted.

We have heard from several of our stockbroking friends whose representatives, partners and messengers alike, were in the room queuing when the windows were shut that they were told by one of the bank's waiters that they need have no fear and need not push forward because having been in the room queuing well before 10 o'clock their applications would be accepted.

It is understood that these brokers have been told that the bank's employee should not have made this statement, which turned out to be untrue. It is also understood that the bank have disclaimed all responsibility for this statement which undoubtedly cost several firms the chance to lodge their applications.

I cannot believe that in the City where "my word is my bond" and every firm takes full responsibility for the actions of its most junior employee, the Bank of England would repudiate the word of one of its officials. The bank has come out of this affair with little glory but at least its reputation is unsullied. Is it not time that the rumour that it did not honour the promise of their employee was officially denied?

S. J. Green,
Fraser Green,
2, Friars Lane, Richmond,
Surrey.

Devolution rules

From Mr. G. Cunningham, MP

Sir,—In the article on devolution headed "Problem of seizing power with shackled wrists" (February 16) your writers point out that the 40 per cent rule amendment was inserted in the Scotland Bill with only 24.5 per cent of the Members of the House supporting it. The article concluded: "If a clause similar to that of Mr. Cunningham had been applied to the vote in the Commons his intervention would have failed. That's politics." Is that really the level of professionalism in Financial Times journalism?

There were two divisions on the 40 per cent amendment—when it was inserted in the Bill, and when the Government tried to knock it out. On the second occasion 298 Members voted in the lobby in favour of the amendment. That figure represents 46.9 per cent of the 635 Members of the House.

But, apart from that, have your writers not heard of the practice of "pairing"? When two Members supporting opposing sides on a question agree to pair, their action has the same effect as if they both voted. On the first division, when your writers credit the amendment with only 166 supporters, there were in addition 121 Members supporting the amendment who paired with 121 Members opposing it. The total number of effective supporters was therefore 287 which is over 45 per cent of the House. On the same basis support on the second division was over 50 per cent of the House.

The true figures would even be slightly higher because your writers have ignored the fact that tellers are not included in the announced results and that the Speaker and three Deputy Speakers cannot vote. Is it asking too much that writers should not ignore such simple, and surely relevant, facts?

George Cunningham,
House of Commons, SW1.

Tipping the scales

From Mr. D. Peters

Sir,—Justinian says (February 19) that a tip to a waiter is probably not a corrupt payment (compared with a substantial bribe to a mayor), apparently believing that the small scale of the tip and the approval of public opinion constitute the significant distinction.

Surely the distinction is that the tip is offered in appreciation of work properly done, and already completed whereas the bribe is an attempt to influence an improper decision in the future. If the desired decision were the right one, the corruptor could save his money.

If the waiter were offered a tip to give somebody else the table Justinian had reserved for himself he would easily see that it is the action and not the money that is crucial to corruption.

Don Peters,
32, Newman Street, W1.

Mr. Robinson's remarks

From the Managing Director,
Fine Tubes

Sir. — Commander Innes Hamilton (February 20), referring to British Leyland's internal communication, criticises the situation revealed by Mr. Derek Robinson's remark, "since there is no dialogue with management. . . ."

In his own case, Mr. Robinson's claim is unjustified; it has been reported that he was personally involved in the detailed discussions with management which established the agreed productivity targets.

The really damning remark came not from Mr. Robinson but subsequently from a BL spokesman who commented that, following normal industrial relations practice, BL left it to the unions to inform the workforce.

If this is "normal industrial relations practice" at BL much of recent events becomes all too understandable and there is little hope for the future.

T. M. Barclay.
Fine Tubes,
Estover Works,
Crownhill, Plymouth.

Display of wealth

From Mr. F. Brown

Sir,—The Queen and Prince Philip have received gifts worth around £1m from the Rulers of the Gulf States.

To ensure that these Rulers (and others) realise the difference between our democracy and other state systems would it not be important that these gifts should be put on public exhibition (in Westminster Hall) in the near future?

Such a public exhibition would indicate, without the possibility of lingering doubt, that the gifts were received on behalf of our country and of its constitutional authority, as vested in the Monarch.

Frank Brown.
59 Drayton Gardens,
SW10.

GENERAL

UK: Prime Minister at opening of General and Municipal Workers' Union new HQ, Halesowen, West Midlands.

Mr. Wm. Rodgers, Transport Secretary, visits Clyde Port Authority, and BR electric traction depot, Shields.

Miners pay talks resume.

Lord Robens speaks at Engineering Employers' Federation national study conference, Queen Elizabeth Hall, SE1.

Speakers at Labour Party referendum meetings—Mr. Denis Healey, Mr. Michael Foot and Mr. John Morris, Cardiff; Mr. Anthony Wedgwood Benn and Mr. Michael McGahey, Dundee; Dr. David Owen, Edinburgh; and Mr. L. Huckfield, Mr. Denzil Davies and Mr. Alec Jones, Llanelli.

Today's Events

Sir Derek Ezra, NCB chairman, addresses conference on world energy economics, Inn on the Park, W1.

Overseas: UN debate on Indo-China conflict resumes.

New Delhi court passes sentence on Sanjay Gandhi.

EEC-ASEAN Ministers, meeting in Jakarta, discuss industrial co-operation (second of three days).

COMPANY RESULTS

Final dividends: T. F. and J. H. Braime (Holdings). Commercial Union Assurance. First Scottish American Trust. Grindlays Holdings. Hongkong and Shanghai Banking Corporation. IMI. "Investing in Success" Equities. Metalrax (Holdings). Mount Charlotte Investments. National Westminster Bank. Woodhouse and Rixon (Holdings).

COMPANY MEETINGS

Cronite Group, Billesley Manor, near Alcester, Warwickshire, 12. Eurotherm International, Eardly Hotel, Worthing, Sussex, 12. First National Corporation, Winchester House, 100, Old Broad Street, EC, 2.30. Nottingham Brick, Lime Lane, Arnold, Nottingham, 12.

RSJ improves to £2.57m and set for more growth

BETTER performance by some of its subsidiaries contributed significantly to a £0.32m advance in taxable profit to £2.57m by Ransomes Sims and Jefferies, machinery maker, in 1978. Sales were up from £31.05m to £34.41m.

The directors are projecting further growth in the current year. However, they point out that it is difficult to make a forecast at this stage as the company is still recovering from loss of production caused by the lorry drivers' strike and hours lost during the recent bad weather. Even so the overall sales prospects for most of the group's products appear good, they add.

The results for 1978 were not affected significantly by the acquisition of Dorman Sprayer Co., bought in September for £0.5m, and a 34.2 per cent interest in Wisconsin Marine Inc., leading U.S. manufacturer of professional rotary mowers, secured for $624,000 two months earlier, the Board states.

After tax of £422,000 (£604,000) the group's earnings per £1 share emerged 9p higher at 39.1p. The net total dividend is stepped up to 9.56p (8.628p) by a final of 6.58p.

There was an extraordinary debit this time of £60,000 (credit £286,000), leaving attributable surplus only marginally ahead at £2.09m (£1.94m).

The outcome for the year was helped particularly by the results of the group's marketing companies in Scotland, France and Steel Case Company, a manufacturing company in South Wales.

HIGHLIGHTS

With bids for English Property Corporation coming in at a rate of more than one a day Lex looks at the reasons for the bidding up of the original 36p a share offer. Lex also looks at ways in which P & O may tackle its liquidity problems. With prices in the gilt-edged market still going up the latest figures for The Public Sector Borrowing Requirement look poor but the trend may soon improve. Elsewhere Crest Nicholson has produced a deep discounted rights issue coupled with a bid while at Rotaflex profits have slipped back by a fifth though a recovery is expected this year. Ransome Sims & Jefferies produces record half time profits.

It was a record year for the grass machinery division which strengthened its position world wide and increased its UK market share.

The electric truck division performed better in spite of a hardening market.

Markets for farm machinery both at home and abroad were not buoyant and competition from other European manufacturers was intense. Tillage equipment sales recovered well in the UK towards the end of the year, but for harvesting machinery sales reflected the generally difficult trading conditions of this sector.

● comment

Ransomes Sims and Jefferies will be looking to its grass machinery division this year to continue recent growth. The 14 per cent pre-tax profit improvement in 1978 owed a little to loss elimination in South Africa, a good deal to the upturn in the French and Scottish marketing companies while grass machinery enjoyed a record year. Farm machinery suffered from heavy competition both at home and abroad, export opportunities for tillage equipment in development countries appear to be declining while the 20 per cent fall in UK agricultural profits in real terms last year augurs badly for the spring selling season. The new acquisitions, Dorman Sprayer and a stake in Wisconsin Marine, should make a more important impact on the current year and the hope must be that the group can at last raise grass machinery supply to match strong worldwide demand although industrial and climatic difficulties last month may have retarded those expectations. *The shares climbed 11p yesterday to 180p where the yield is 8.4 per cent—against 5.7 per cent at Howard Machinery—and the fully taxed historic p/e is 7.7.*

Unochrome hit by Dutch losses

STRUCK AFTER *share of losses from Unochrome Nederland* amounting to £413,000 against £80,000 profits last time, pre-tax *surplus of Unochrome International* dropped to £222,000 for the year ended September 30, 1978, compared with £605,000 for the previous 15 months.

With stated earnings per 10p share slumped to 0.12p (1.64p), the company is making no final dividend payment leaving a 0.2333p interim to compare with the total of 0.6p for the previous period.

The directors say in view of the scale of losses attributable from the group's Dutch activities, together with the level of external short-term borrowings within the Unochrome Nederland BV Group, and an unwillingness to commit further funds outside the UK they are of the opinion that the company with its subsidiaries would not be a going concern without the continuing support of the Dutch bankers.

Consequently they have considered it prudent to write off *the group's investment in the company* and make full provision for potential liabilities which may arise under guarantee, giving a total extraordinary charge of £937,000.

In these circumstances, directors are of the opinion that consolidation of Unochrome Nederland and its subsidiaries would be misleading and the group's comparative figures have been restated following this change in basis.

	1977-78 £000	1976-77 £000 Year 15 mths.
Turnover	11,733	12,142
Interest paid	137	119
Share of Unochrome Nederland loss	413	†80
Profit before tax	222	605
Tax	138	261
Net profit	84	344
Extraord. debits	937	112
Attributable loss	917	†163

† Profit.

Wm. Baird chief resigns from Dawson Intl. Board

Mr. Stanley Field, chairman of William Baird and Co., which last year lost a takeover struggle for Dawson International, has resigned from the Dawson Board.

Baird has been a long term shareholder in Dawson and, at the time of its bid last *September, held around 28.3 per cent* of Dawson's ordinary capital.

This stake was subsequently reduced by a cash and share bid by Dawson for John Haggas, a Yorkshire-based textile group. Baird's current stake is 22.3 per cent which it "continues to hold *as a long term investment.*"

During the course of Baird's abortive bid for Dawson, Mr. Alan Smith, Dawson's chairman, *wrote to Mr. Field asking for his* resignation because of potential conflicts of interest which Mr. Smith felt were inherent in *Mr. Field's continued position on the* Dawson Board.

At the time, Mr. Field rejected the request after careful *consideration because such action* would have been "entirely inappropriate." Mr. Field could not be contacted yesterday to *comment on reasons for his latest* decision.

£64,000 by Attock Petroleum

Attock Petroleum reports a pre-tax profit of £64,000 for the year to June 30, 1978 after reaching £19,000 in the first six months. In the previous accounting period of six months a loss *of £100,000 was shown.*

After tax of £13,000 the net profit amounts to £51,000 and earnings per 20p share are stated *at 1.5p. There are extraordinary* items of £1.77m to be credited. There is no dividend — the last payment was 4.2p in respect of *1975/76.*

The group's listing was suspended last October following the announcement of merger talks with Cambridge Petroleum Royalties, an unlisted company. On January 26, 1979 the two Boards announced that they had been unable to agree terms and the discussions were terminated. The listing was subsequently restored on January 29.

Rotaflex down to £1.24m but recovery underway

FOR 1978, taxable profits of Rotaflex (Great Britain) fell from £1.53m to £1.24m on higher sales of £20.42m against £17.97m.

The directors say that although it is difficult to forecast the level of activity in the home market at this time of industrial unrest, there are now signs of a slight upturn in France and Germany.

Taking this into account, and providing there are no long-term material shortages arising from the present industrial climate, the directors look forward to a marked improvement in results in 1979.

The structural and managerial changes begun in 1978 will be completed this year and are already leading to a significant improvement in control and efficiency.

Research, development and design expenditure in 1978 was the highest in the company's history and will lead to the introduction this year of several new product ranges.

In addition, a substantial increase in capacity has been created.

Stated earnings per 10p share are higher at 9.4p against 8.4p. The net final dividend is lifted from 1.1275p to 1.7931p, making 2.3126p (1.5998p), as envisaged at the time of the rights issue in August 1977.

After tax of £288,100 (£688,200), and a pre-acquisition profit of £33,500 deducted last year, retained profit comes through at £700,000 against £855,400.

● comment

In contrast with previous years, Rotaflex's geographical spread has worked against the company during 1978. While home demand, which accounts for nearly a third of group sales, showed firm progress, the overseas contribution, particularly from Europe, did not come up to expectations. France, the most important European market, was slow to pick-up after the general election and sales ended the year around 5 per cent lower. Germany was also disappointing, mainly because of difficulties at Interlumen following management and ownership changes, and the company only managed to break even. Overall, profits dropped by almost a fifth but this was slightly better than the market was looking for and the shares closed 2p higher at 4[illegible]p. In the current year, the prospects look slightly better, especially as demand for electric light fittings seems to be picking up in France. Also tighter management controls should bring some recovery in Germany. Including Linolite, the new acquisition, profits this year could be in the region of £1.8m. The low tax charge puts the shares on a historic p/e of 4.2 while the yield is 8.8 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Charles Baynes	0.45	—	0.42*	0.75	0.47*
Campari ......Sec. int.	1.42	Apr. 6	Nil	1.92§	[illegible]
W. Canning	2.25	—	2.03	3.9	[illegible]
Carliol Inv. ... Sec. int.	3	Apr. 4	2.55	4.5	[illegible]
English Assn. ...... Int.	4.88	Apr. 24	4.88	—	[illegible]
Helene of London Int.	0.34†	March 30	—	—	[illegible]
Ransomes Sims	6.58	May 15	6.04	9.56	[illegible]
Rotaflex	1.79	Apr. 23	1.13	2.31	[illegible]
Tyneside Iv. Tt. Sec. int.	2.93	Apr. 4	2.55	4.43	3.85
Unochrome Intl.	Nil	—	0.25	0.23	[illegible]

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 15 months. § On increased capital. ¶ Company is paying two dividends a year.

W. Canning £0.4m off at £1.05m

AFTER HIGHER interest and depreciation, taxable profits of W. Canning, electrical and mechanical engineering concern, fell short of the previous year's £1.46m to finish 1978 at £1.05m. Turnover was well up at £40.06m against £30.27m.

At the interim stage, when profits had fallen from £751,000 to £717,000, the directors were confident that the full year's result would be satisfactory. But in November they said that in view of the economic situation in the UK, which had affected the profitability of the group, this would not now materialise.

They now say it is too early to make any firm forecast for the current year.

Overall 1978 was a year with pressure on margins and a lower level of activity than anticipated, partly due to disruption caused by external industrial action, and by relocation to a new centralised warehouse, they state.

Delays in engineering contract acceptances also contributed to lower profits, they add.

Sales and trading profit—£1.43m (£1.59m)—included sales and profit of new acquisitions totalling £7.12m and £290,000 respectively. Depreciation amounted to £528,000 (£347,000) of which some £87,000 (£35,000) related to freehold properties in accordance with the appropriate accounting standard.

Earnings are shown as 6.6[illegible] (9.99p) per 25p share and the dividend is increased from 3.52[illegible] to 3.904p net with a net final payment of 2.254p.

The tax charge represents the amount of tax the company will pay in the foreseeable future for the profit stated.

A professional revaluation of the group's properties amounts to some £1.64m in excess of book value. After providing for likely tax on disposals the surplus of £1.46m has been added to shareholders' funds.

Liden loss jumps to £507,000

BY ARNOLD KRANSDORFF

Shareholders of Liden (Holdings), whose shares were suspended last week shortly before a number of bid approaches were announced, will have to wait until Wednesday for an explanation about the company's long-awaited preliminary results for 1977/8. These show a pre-tax deficit of £506,763—almost three times the previous year's loss of £176,277.

Mr. Norman Clothier, chairman, said yesterday that he had been advised not to comment until after discussions with the potential suitors. This would not be before Wednesday, he added.

Mr. Clothier said that these discussions included talks with two public companies and a private company.

Liden has not announced any results since the 1976-77 preliminaries in April, 1978. At the end of that year the company was given permission to forego publication of its interim results for 1977-78—it said at the time that it was impossible to produce "reliable" figures and that full-year accounts would be ready by January 23, 1979.

But on the day, it was announced that the accounts would be delayed for a month. This news cut almost a quarter off the company's market valuation.

According to Liden, the delay was due to a combination of ill health of senior executives, the disruption caused by bad weather *and industrial action in the* transport industry.

The results show that turnover increased from £3.51m to £3.67m. The net loss amounted to £441,460 (£130,448) after a tax credit of £65,303 (£45,829). The loss per 10p share amounted to 8.65p, against 2.56p.

Again there is no dividend—the company last paid one in 1974.

Strong start at Dewhurst & Partner

In his annual report, Mr. A. Dewhurst, chairman of Dewhurst and Partner, says the current year has started strongly, with orders and output ahead of the previous period.

However, he adds that, with the industrial scene as unsteady as it is at present, there is a developing *undertone of uncertainty in* markets where previously optimism prevailed.

Carliol Investment pays 4.5p

NET REVENUE of Carliol Investment Trust emerged higher at £538,765 against £442,181 for the year ended January 31, 1979, after tax of £277,255 compared with £267,371.

Of this balance the year's dividend, increased from 3.85p to 4.5p with a second net interim of 3p per 25p share, absorbs £484,064 (£404,692).

Gross revenue came to £1.03m (£94,485) and pre-tax revenue £816,020 (£709,552). Earnings per share are shown as 5.016p *(4.213p).*

As at year-end a valuation of investments amounted to £19.98m (£17.23m) with net current *assets at £808,893 (£418,222).*

Net asset value per share, including dollar premium, prior charges at par and full *conversion of loan stock, is given* as 169.3p (141.1p), and with the prior charges at market value, 174.5p (146.3p).

There was a £547,701 (£37,459) transfer to revenue reserves.

Adjournment of Sangers hearing

Mr. Justice Donaldson last Friday adjourned a hearing of a summons for directions brought by the Sangers pharmaceutical group in relation to its claim for gross damages of £7.8m against several leading companies including Dixons Photographic and Eagle Star Insurance.

The matter arises from an allegation made by Sangers that Dixons made an invalid tender when making its offer for shares in Weston, one of Britain's leading retail chemists in January, 1976.

Sangers action is also against Spicer and Pegler, the City firm of accountants handling the liquidation of London and County which owned a substantial number of Weston shares at the time. Eagle Star and Apcob Nominees—believed to be associated with the Anglo-Portuguese Bank—large shareholders at the time are also defendants. All totally reject Sangers' claims.

The hearing before Mr. Justice Donaldson arose because Sangers is seeking a decision on whether or not it is possible to hear the claim for liability separately from the claim for damages.

The hearing was adjourned while defendants prepare a case to support the representations they made before Mr. Justice Donaldson.

Improvement by Tyneside Trust

WITH GROSS revenue higher at £592,456 compared with £548,454, the pre-tax figure of the Tyneside Investment Trust improved from £428,282 to £478,632 for the year ended January 31, 1979.

Stated earnings rose from 4.221p to 4.697p per 25p share, and a second interim dividend of 2.93p, net, in lieu of final, lifts the total payment to 4.43p (3.85p).

Tax takes £164,666 (£160,213) and dividends absorb £296,523 (£253,540) leaving an amount of £17,443 (£14,529) transferred to reserve.

Net asset value per share, including dollar premium, prior charges at par and full conversion of loan stock is shown at 163p (136.7p), and at 167.2p (140.3p) at market value.

At the year end, investments, including dollar premium, amounted to £11.81m (£9.93m) and net current assets were £184,576 (£294,446).

UK COMPANY NEWS

Saatchi and Saatchi sees further solid growth

Based on recent appointments and new assignments, together with management figures for the first quarter, Mr. Kenneth Gill, the chairman of Saatchi and Saatchi Company, advertising agents, forecasts another year of solid growth for the company in 1978/79.

He points to the group's strong cash position. At the September 30 year-end its cash and short term deposits were up from £2.75m to £3.65m; it had no term loans, compared with £128,000 previously, and this time there was a secured bank overdraft of £68,000.

The group's main agency Saatchi and Saatchi Garland-Compton, which now ranks as the fourth largest advertising agency in the UK, had the best growth rate among the country's top ten agencies during 1977-78. Among its latest appointments are Sainsbury's, IBM, Black and Decker and Godfrey Davis. Added to the new assignments and brands came from existing clients Dunlop, Allied Breweries, Cadbury Schweppes, Procter and Gamble, United Biscuits, Austin Morris and Rowntree Mackintosh.

As known the group lifted taxable profit by 50 per cent to a record £1.87m and margins showed continued progress from 2.? per cent to 3.17 per cent with billings ahead from £42.6m to £59.1m, in 1977-78.

After adjustment for bonus the gross dividend is effectively raised 52.1 per cent to 7.15p—a ?p net total. Mr. Gill adds that the company is again free from dividend restraint in 1978-79 and the directors aim will be to keep returns to members in line with business expansion.

At current costs, along the Hyde Guidelines, profit is reduced to £1.78m (£1.16m) by additional depreciation of £107,000 (£95,000) less a £15,000 (£7,000) gearing adjustment.

Compton Advertising Incorporated of New York has a 19.95 per cent interest in subsidiary Saatchi and Saatchi Compton, which it can request the parent purchase at any time after publication of the parents' accounts for 1978-79.

The chairman's emoluments, excluding pension contributions, were 1,000 lower at £25,002 and the highest paid director received £32,725, against £34,750. None of the group's employees, numbering over 640, earned more than £10,000.

Looking to the prospects for TV advertising revenue in the UK, the directors say that after the strong upturn of the past three years they expect a slower advance of possibly 15 per cent for the industry in 1979.

During 1977-78 the group acquired Halls Advertising, said to be the largest agency in Scotland, for a figure based on post-tax profits over the four years to the end of 1981, but not exceeding £2m.

The directors comment: "In assessing any potential acquisition, our yardstick is not so much the effect it will have on earnings, but rather on our earnings per share. We have no wish to 'build' the company by diluting our most precious possession—the company's equity."

Meeting, Savoy Hotel, WC, on March 14 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Finals—T. F. and J. H. Braime, Commercial Union Assurance, First Scottish and American Trust, Grindlays Holdings, Hongkong and Shanghai Banking, IMI, International Investment Trust, "Investing in Success" Equities, Metalrax, Mount Charlotte Investments, National Westminster Bank, Plantation Holdings, Woodhouse and Rixson.

FUTURE DATES

Interims—	
British Assets Trust	Feb. 28
Helical Bar	Mar. 2
London Shop Property Trust	Mar. 1
Lyles (S.)	Mar. 1
Macallan-Glenlivet	Mar. 23
Parker Knoll	Mar. 5
Finals—	
British Enkalon	Feb. 28
Cornell Dresses	Mar. 7
Greenfields Leisure	Mar. 6
Law Debenture	Mar. 1
Lex Service	Mar. 8
Norrington (Henry)	Mar. 2
Pearl Assurance	Apr. 6
Sharpe (W. N.)	Mar. 8
Squirrel Horn	Mar. 2

Y. Lovell optimistic for 1979

MR. PETER TRENCH, chairman of Y. J. Lovell (Holdings), tells shareholders in his annual review, "if determination counts for anything 1979 should match the record profit of 1978."

As reported on January 26 pre-tax profits rose from £1.71m to a record £1.93m on turnover up from £54.1m to £62.67m.

Mr. Trench says he expects the Farrow group, bought from Imperial Chemical Industries last October, to make a contribution to overall profit and he looks forward to a successful year for commercial and industrial development. Plant hire should continue to do well, he states.

However, competition for a volume of construction, unlikely to be much greater than in 1978, will continue to be fierce, he adds.

The chairman anticipates a hardening of margins on house sales in that building costs are likely to rise more rapidly and prices to rise less rapidly than last year. He sees no real improvement in the immediate prospects for the timber division.

Overseas, he says, there is every reason to believe that activities in the U.S. will do well, but there must remain a question mark over Nigeria.

"Added to all this, the weather and the hauliers' strike made January a wretched month for construction."

Overseas operations had a mixed year, the chairman says. Although Lovell succeeded in negotiating a contract for the sale and erection of some export timber-framed homes in the Middle East, the group failed both in Dubai and in Saudi Arabia during the year to obtain any work at acceptable prices.

"We have therefore withdrawn from the area," Mr. Trench states, but directors will continue to look at opportunities as they arise.

A current cost statement reduces the pre-tax profits to £1.33m (£804,000) after cost of sales adjustment of £731,000 (£1.23m); depreciation £135,000 (£120,000) and the gearing factor £284,000 (£463,000).

Net liquid funds decreased by £852,000 against £539,000 previously.

Meeting, Portman Square, W, March 20 at 3 pm.

FOREIGN AND COLONIAL LOAN

The directors of Foreign and Colonial Investment Trust state that the company has arranged a new one year loan of Y2,000m with Manufacturers Hanover Trust.

Nottingham Manuf. highly liquid and forecasting further progress

FURTHER PROGRESS is forecast for Nottingham Manufacturing Company in the current year by Mr. Harry Djanogly, the chairman. Sales to date are ahead of the same period of 1978 and the level of forward orders is satisfactory, he says.

In addition the group's financial position is strong. Its liquid resources exceed £30m—representing, with investment taken at book value, 49 per cent of equity capital.

Capital spending on new buildings and plant amounted to £1.48m last year and at year end there were commitments to spend £1.34m (£2.97m).

The liquid resources were held in the form of Government stocks £45m (£13.87m) other investments £2.03m (£719,000), short-term deposits £15.65m (£10.5m) and cash £1.5m (£1.29m). In the year liquidity was up £4.26m (£1.91m).

In difficult trading conditions the group, which has interests in the manufacture of hosiery, knitwear and other clothing etc., showed a marginal improvement in pre-tax profit to £15.41m (£15.02m) for the year to December 31. Sales were higher at £162m (£128.29m) and exports mounted to £10.52m—as reported February 14.

Trading margins were virtually maintained through management efforts to contain costs and by cost increases by better methods and higher output, Mr. Djanogly states.

The chairman adds: "The depressed international situation affected our export markets and the progress hoped for was not achieved. We remain committed to an expansion of our export business."

The net dividend for 1978 is stepped up to 3.823325p (3.243875p) and is covered 5.8 times.

Meeting, the company's head office, Mansfield, on March 21 at 10.30 am.

The effects of the bad weather and the strikes encountered in the first two months of the year were working through the system and he hoped the rather optimistic forecast made at the year-end would be fulfilled.

Slowdown at Chas. Baynes

AFTER RISING from £150,733 to £300,507 at half-way, pre-tax profits of Charles Baynes were marginally higher for 1978 at £393,962 against £393,564.

Turnover of this manufacturer of hacksaw blades increased from £1.84m to £1.98m.

After tax of £202,088 (£284,008), stated earnings are higher at 5.51p (5.35p). The net final dividend per 10p share is effectively lifted from 0.320 to 0.44816p making 0.74816p against an adjusted 0.679.

Romney sees better prospects in N. America

Despite the present disadvantage of holding large U.S. bank borrowings when the dollar is weak, the directors of Romney Trust believe this problem will be self correcting. They remain convinced that the North American investment scene remains considerably better than that prevailing in the London market, says Mr. S. G. Brooksbank, the chairman.

At the end of 1978 the trust's investments totalled £9.84m (£11.44m), at valuation, against £9.34m (£29.15m) at book value, and were distributed, in percentages, as to UK 58.2 (61.7); U.S. 32.7 (30); Japan 4.6 (3.9) and elsewhere 4.4 (same).

The trust's balance sheet showed a bank overdraft of £4.55m (£4.67m) and temporary loans and deposits held amounted to £2.85m (£1.73m). As known, taxable revenue for 1978 was only marginally up at £1.39m (£1.37m) after interest charges of £619,285, against £553,452. The net dividend is raised to 3p (2.65p).

The performance of the company's portfolio was distorted by the spending of £1.67m in repayments of debenture stock and cancellation of convertible loan stock, Mr. Brooksbank says. Income was increased to £2.14m (£2.04m), with £1.91m (£1.75m) coming from investments.

Pearl Assurance Co. holds 11.3 per cent of equity; Prudential Assurance Co. 9.3 per cent; Commercial Union Assurance Co. 6.6 per cent; Kuwait Investment Office 5.3 per cent and Scottish Widows Fund and Life Assurance Society 5.8 per cent.

Good orders at Robt. H. Lowe

Mr. J. Robertshaw, chairman of Robert H. Lowe and Co., knitwear manufacturer, said at the AGM that the company possessed a good order book.

Good start for Bakers Stores

A FURTHER record half year is expected by Mr. Barry Baker, chairman of Bakers Household Stores (Leeds). In his annual report he says trading and profitability in the first quarter of the current year increased to a satisfactory level.

In the half year to April 1, 1978, the group turned in record profits of £104,797, against £65,369. At the year end pre-tax profits also stood at a record, £424,225, compared with £225,101.

Mr. Baker adds that even after acquiring freehold premises and new stores the company will be in a financially strong position with substantial cash resources. And it will seek further opportunities to expand.

At the year end net current assets stood at £905,242, against £611,840, and the increase in net liquid funds—building society, bank and cash balances—was £118,928 (£127,779).

A current cost accounting statement shows taxable profits reduced to £348,144 after adjustments for depreciation of £25,549 and cost of sales, £68,682, and gearing, a credit of £16,150.

Meeting, Leeds, March 21, noon.

Meggitt starts current year well

The current year has opened well at Meggitt Holdings and Mr. J. D. Tyler, the chairman, says in his annual statement that he has confidence in the group's ability to make further progress.

For the year ended October 31, 1978, turnover rose 35 per cent to £6.2m and pre-tax profits surged 154 per cent to £478,000—as already known.

A divisional breakdown shows machine tool merchanting contributed 72 per cent of total turnover and £321,000 of profits, engineering and manufacture 27 per cent and £143,000, and leasing 1 per cent and £14,000 respectively.

On a CCA basis, taxable profits are reduced to £310,000 (£23,000), after adjustments of £153,000 (£158,000) for cost of sales, £54,000 (£51,000) additional depreciation, partly offset by gearing of £39,000 (£41,000).

During the past three years the group has invested heavily in new plant and equipment, Mr. Tyler states. The sum of £119,000 was invested in the 1977-78 year and of this total, £43,000 was financed by leasing from outside sources.

Looking ahead, the group has contracted to extend the premises of its merchanting division at Poole, and is continuing to update production facilities at its Bournemouth and Newcastle factories.

At balance date, group fixed assets were unchanged at £0.51m, but net current assets increased from £1.06m to £1.47m. Shareholders' funds rose to £1.24m (£0.93m).

Meeting, Bournemouth, March 21, 12.30 pm.

BIDS AND DEALS

John Brown subsidiary in big U.S. takeover

Constructors John Brown, the process engineering and construction subsidiary of John Brown and Co., is close to making a significant acquisition in the U.S.

Discussions are at "an advanced stage" for the purchase of Crawford and Russell, a private company of Stamford, Connecticut. Crawford is said to be around half the size of CJB in terms of output and its sales run at some $200m a year.

The company has 1,000 employees with offices in Stamford, Houston, London and The Hague. It is a specialist in engineering and construction work for the chemical process industry.

A spokesman for CJB said yesterday that the two companies were complementary in terms of activities. The U.S. company was not involved in oil, gas or offshore activities in which CJB specialises and it would take CJB into the U.S. for the first time.

Its current projects in the U.S. include an insecticide plant for BASF, a polymer plant for Goodyear and a chlorine plant for Olin. In Holland it is working on a plant for ICI and it has three jobs in the UK: a PVC plant for BIP and a polyethylene plant and a synthetic rubber plant for BP.

No financial details of the proposed purchase will be released until it is completed, which could take a month or more. The CJB spokesman commented that the U.S. company was essentially a service company without a lot of hardware.

Monopolies to probe Alginate merger

*Just over £4m was yesterday knocked off the stock market value of Alginate, the British seaweed processing group, following the announcement that the £31½m cash bid for the group from **Merck Incorporated**, is to be referred for a Monopolies Commission investigation.*

The reference to the Monopolies means that the bid from the U.S. pharmaceutical concern lapses immediately. Merck's offer had earlier been accepted by shareholders controlling 98 per cent of Alginate's new ordinary shares and 83 per cent of the preference.

It was not known last night whether Merck would be prepared to mount a fresh bid after the Monopolies probe — which is expected to take several months.

The British group controls around 80 per cent of the UK market for alginates, a family of chemicals used as thickeners for foods and in a wide range of industrial processes—from textile printing to manufacture of dental materials.

Merck also has interests in the extraction of alginates from seaweed through its Kelco division which imports into the UK.

The Monopolies Commission as part of its investigation can be expected to study the effect on competition within the alginate supply industry as a result of a takeover by Merck.

The effect on the brewing industry which is a wide user of alginates will be of particular interest. It is thought that an investigation could take up to five months.

A spokesman for Alginate said that the group was surprised at the reference to the Monopolies Commission but it was too early to comment further on the effect of the decision.

Comet buys more of Caledonian

Shares of **Caledonian Holdings**, which is already the subject of a £13m recommended takeover bid from **London and Midland Industrials**, jumped 8p to 131p yesterday—just ahead of the bid price —*on the news that Comet Radiovision Services* had bought another 100,000 shares in the company.

This lifts Comet's stake in Caledonian from 22 per cent to 23 per cent, compared with LMI's near 30 per cent holding.

Yesterday's announcement said that Comet had paid 121p and 123p respectively for two blocks of 50,000 shares.

Comet has still not made its intentions clear over Caledonian. Nearly two weeks ago the company said it would be approaching Caledonian "with a view to obtaining its recommendation" to an offer worth 110p per share.

But three days later LMI put in an increased offer which at last night's closing price of 111p, up 4p, is worth 130p a share. Since then there has been no announcement from Comet, with the exception of yesterday's share purchase.

Comet was last night unavailable for comment. Its shares closed 2p higher at 101p.

Crest Nicholson rights to help finance Crofton acquisition

In a profit-linked, deferred payment deal, **Crest Nicholson** has acquired the **Crofton Group of Companies**. The maximum total consideration will be £3.14m.

The cash consideration consists of an initial payment of £1.68m and a further £170,000 payable in two years. Additional cash will be paid in two and three years' time dependent on growth of profits to a certain level being achieved.

To fund this purchase, Crest is to raise around £1.1m through a one-for-two rights issue at 20p per share. The balance will be funded from Crest's current cash resources.

Crofton, headed by Mr. W. A. Crofton, consists of three private UK companies. W. A. Crofton is a distributor of one of the largest ranges of optical frames and a *range of sunglasses; Raycroft* imports designs and markets spectacle frames, while Croptics sells sunglasses and uncut lenses.

Net assets amounted to £1.43m, after providing for £314,000 of deferred taxation, at November 30 last, while combined pre-tax profits of the three operating companies totalled £868,000.

Commenting on the deal yesterday, Crest director Mr. Peter Nicholson said: "The purchase of the Crofton Companies is attractive to us because they have excellent growth and export prospects, high sales and profit to employee ratios, are leading names in their fields and produce a return on funds well in excess of 50 per cent."

Treasury permission has been granted to lift the total net dividend for the current year by 10 per cent from 3.72p to 4.09338p per share on the capital increased by the rights issue.

Crest's accounts for the year ended October 31 last show a rise in retentions from £832,000 to £1.21m while the depreciation charge was broadly unchanged at £414,000. Bank balances rose by £2m to £2.83m and short term debt was reduced by a like amount to £53,000. A seven year term bank loan of £3.5m was arranged during the year at a variable coupon.

● comment

It is over three years since Croda International started a brief flurry of dividend raising rights issues at deep discounts. By reviving the fashion, Crest Nicholson has apparently succeeded in showing that the £1.1m cash proceeds are substantial in relation to shareholders' funds, before the issue, of £7.3m and an ex-rights capitalisation of £13.3m. Similarly the yield of 7.6 per cent on the increased dividend has not been deemed excessive at an ex-rights price of 51p. Against that the current cash flow of £1.6m, compensation of £400,000 from the Southampton authorities, the £600,000 consideration on the sale of the Cray Electronics stake, a healthy balance sheet and a £3.5m tranche of term borrowing look ample to complete the outstanding cash element of the Crofton acquisition. Crest is not afraid to enter new markets provided the criteria of a high return on a low asset base, brand strength and consistent compound profits growth can be met. Crofton appears to match up to those targets and Crest has left itself adequate scope for similar deals. The chances of finding other such nuggets, however, may be another matter.

Ladbroke in £2m motel expansion

In a further move to expand its chain of hotels and motor inns **Ladbroke Group** announces the purchase of two motels in Surrey for a total price of £2m.

The directors state that the acquisition of the **Seven Hills Motel**, Cobham, and the **Bridge House Motel**, Reigate, is part of the group's planned expansion of its chain and will bring the number of Ladbroke hotels and motor inns to 28.

Seven Hills has 97 bedrooms together with extensive conference and leisure facilities. Planning consent has been granted for a further 40 rooms. The Bridge House has 30 bedrooms together with extensive restaurant facilities.

Minet severs financial ties with American broker

BY JOHN MOORE

Minet Holdings, the Lloyd's of London insurance broker, is severing its five-year-old equity relationship with Fred. S. James, one of the leading U.S. insurance brokers.

Yesterday's announcement came just 12 days after Minet announced that it was planning to pool its insurance business with Corroon and Black, one of the top six insurance brokers in the U.S., in an arrangement similar to that proposed by C. T. Bowring of the UK and Marsh and McLennan of the U.S.

Minet is planning to sell its equity stake of about 10 per cent (848,852 shares) in Fred S. James in exchange for the 31.8 per cent interest that James owns of Minet James International, an insurance broking subsidiary of Minet, and about $8m (£4.5m).

Minet stressed yesterday that although the contractual and financial relationships established between Minet and James in 1974 have been changed "the strong trading relationship, both in the London market and overseas, would continue in the future."

Agreement is expected to be reached shortly on the deal with James and completion, subject to certain exchange control and regulatory approvals, is expected to be achieved before the end of April.

BEMROSE BUYS ATHLONE PRESS

The University of London has sold The Athlone Press to Bemrose UK. Athlone Press will form part of the publishing division of the Bemrose Corporation whose imprints include The Scolar Press and Mansell Publishing.

Bemrose UK has agreed to pay the University the net asset value of Athlone Press as shown in audited accounts as at January 31, 1979 and £15,000 representing goodwill. In addition the Bemrose Corporation has indicated that it will support the publication of individual works of academic merit which for financial reasons might not otherwise be published. It is intended that these funds shall be used particularly to support work connected with the University of London.

BARTON & SONS

Aluminium Die Casting (Birmingham) has been acquired by **Barton and Sons**.

The vendor was McKechnie Brothers. The consideration amounts to £575,000 including £180,000 in cash for the leasehold property. In addition outstanding loans due to McKechnie of £450,000 have been settled.

Profits before tax and inter-company rental for the year to July 31, 1978, amounted to £224,000. Net assets at that date, including deferred tax, were £510,000.

CHAMBERLIN AND HILL PURCHASE

For £375,000 cash **Chamberlin and Hill** has acquired the capital of **Solenoids and Regulators** of Birmingham. The consideration was satisfied from existing bank facilities.

S and R is a manufacturer of electrical control gear, mainly flameproof equipment, for use in the oil and petro-chemical industries. Its profits before tax for the year ended September 30, 1978, were £114,480 and net assets at that date were £111,738.

SHARE STAKES

De Vere Hotels and Restaurants—G. F. Tribe has sold 7,000 shares.

Sipef sells some London Sumatra

Sipef NV, one of the members of the McCleod-Sipef consortium which bid for London Sumatra *last year, sold 196,010 shares in* London Sumatra on February 15, bringing its stake down to 1,140,440 shares (7.16 per cent).

But should observers think that Sipef has lost interest in London Sumatra and may sell the rest of its stake, a Sipef spokesman said yesterday that *the shares had been held in two* trading subsidiaries which had tax reasons for wanting to sell. These reasons did not apply to the parent company which holds the rest of the stake, he said.

Another major shareholder in London Sumatra is Rothschild Investment Trust.

A *second plantation story* yesterday concerned the Robinow family business associates of N. M. Rothschild, the merchant bank. The family has rearranged its holdings in Rightwise, the plantation company, so that they are all held through a private company, Jazerite. *Previously some of the* family stake in Rightwise was held through Jazerite and some in shares held directly.

The reason given for the injection of Rightwise shares into Jazerite is that Jazerite wants to increase its equity base for raising finance. *Jazerite now owns 51.3 per cent* of Rightwise.

COSALT BUYS FIBRES COMPANY

Cosalt has reached agreement with the Receiver of Morrison-Whyte (UK) of Irvine, Ayrshire, *for the purchase of the* fixed assets of that company.

Its business is the commission processing of twisted and heat-set synthetic fibres for the carpet industry, a process closely allied to existing activities within the Cosalt Group in the production of nylon twine by its subsidiary W. and J. Knox.

The agreed value of the assets to be acquired is £280,000 of which £255,000 is payable immediately, with the balance due in five equal instalments over the next two and a half years.

BRAUGHTON STERLING

Braughton Sterling, London-based investment group controlled by Mr. John Pashley, has acquired 51 per cent of Dawnshire from Clifton Investments. This effectively gives Braughton Sterling 100 per cent of J. E. Barlow *and Co., a Manchester* company making waterproofs, rainwear, riding and sports clothing.

Mr. Pashley is now so heavily committed to management of his private interests that he has resigned from the Clifton Board. Braughton Sterling retains its 10 *per cent holding of Clifton Investments*.

FITZROY INV.

Fitzroy Investment has acquired Graysim Holdings with all its open air markets and certain market halls. Consideration is £220,000 cash and an earnings related payment maximum of £26,000 and minimum of £13,000 pa for five years.

Book value of properties at September 30, 1978 was £195,000 and profit for 15 months was about £30,000.

GEO. WHITEHOUSE

The requisite approvals having been obtained, the acquisition by Centreway of George Whitehouse (Motors) is unconditional and has been completed.

Campari ahead and confident

Freddie Mansfield

Mr. Gabi Bencher, chairman of Campari International, photographed in the company's new London headquarters

PRE-TAX PROFITS of Campari International rose from £812,868 to £852,245 for the seven months ended December 31, 1978, on turnover ahead to £9.91m against £...m.

For the full year Mr. G. K. Bencher, chairman, says "our present order book is such that we are looking with full confidence to a very much increased profit, particularly when the contribution from our German subsidiary matures." For the 1977-78 year taxable profits advanced to a record £1.76m.

Since December, trading in Sweden and Holland has been above target, Mr. Benscher says. Germany is still in an organisational stage, but will contribute to profit towards the end of 1979.

In the UK the effect of the transport strike, he says, cannot be fully assessed at this stage. However, he feels it prudent to assume that the profit of this subsidiary will be adversely affected, not ruling out the possibility that the total year's profit could be below last year.

On increased capital a second intereim dividend of 1.415p net per 20p share is announced, making the total 1.915p (1.996p) absorbing £139,241 (£123,507). Corporation tax for the seven months takes £445,000 (£422,000) including £165,000 (£110,000) overseas.

Campari, which added the "International" to its name last November, is a camping, leisurewear and inflatable boats group of companies.

52 companies wound-up

Orders for the compulsory winding up of 52 companies were made by Mr. Justice Vinelott in the High Court yesterday. They are:—

... A. Sanson Investments, ...ntzionian, Marine Plus, E. ...cher, R. A. Lammas, Sundial ...ch Co., David Duncombe, ...ohond, Venner Builders. ...tercon Technical Services, ...lereach, Maro Louise Dresses, ... Smith Construction, Parway ...tes Developments, W.S.L. ...struction, Thoren Publishers, ...nddu Enterprises, Capital ...arium, Camolistic. ...eather Bisley Developments. M. Bloom (Furriers), Profil... and Engineering Stainless ...el, Fair Enterprises, Firefly ...cords, Gradesingle, La Cuca...ha Galleries, Hi-Fi Aids, Jet ...nt Hire, Esher Park Chau...rs. Awngate, Auto Super-Wash ...vices, Penyhont Concrete Pro...cts, John Miller Originals, ...rday, W. Price Davies, Lea Markham Wholesale Supplies, Faulkner and Healy, Boncroft Engineering, Beachdale Electrical.

Severn Valley Trading Company, Rampmoss, W. H. S. Taylor and Co., Hawkergrove, Mearsfelt, Captain Starlight Incorporated, Kruma Import, Standard Office Cleaning Contracts, Orange Cup (International), Sleabell, Northzone, New Becontree Social Club, and Whipcrest.

TRANS-OCEANIC CONVERSION

Arising from the compulsorily conversion notice sent out by Trans-Oceanic Trust holders of £84,790 of its 4½ per cent convertible unsecured loan stock 1988-93 have requested repayment at par.

The remaining £175,776 stock is to be compulsorily converted at February 28, 1979, involving the issue of 109,860 ordinary shares.

MINING NEWS

Thiess earnings still on upward path

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S Thiess Holdings, the diversified coal, civil engineering and motor vehicle distributing group, has raised earnings for the past half-year to December 30 by 19 per cent, reports James Forth from Sydney. They have climbed to A$11.9m (£6.72m) from A$10m a year ago.

The interim dividend is maintained at the previous year's rate of 6 cents on the capital increased by last December's one-for-five scrip issue.

Although the latest increase in profits is well below that achieved in the first half of 1977-78, the directors say that on present forecasts earnings for the current half-year should be sufficient to enable full year's results to show "a satisfactory increase."

The slower growth in the past half-year appears to be largely accounted for by a fall in sales of export coal to Japanese steel mills to 445,000 tonnes from 474,000 tonnes. However, the Japanese mills expect a further recovery in world steel production this year and this should have a beneficial effect on demand for coking coal.

The Thiess directors add that full benefits of the production expansion of the South Blackwater coal mines will not be felt until after June this year. Talks are continuing with Japanese steel mills interested in acquiring up to 30 per cent of the South Blackwater mining operations.

Overseas markets are being sought for steaming coal from the new Drayton venture in New South Wales and efforts are being made to obtain sufficient contracts before development and production starts.

Coal from the Wandoan deposits is being studied for suitability of conversion to liquid fuels using the West German Imhausen process. A joint Australia-Germany coal-to-oil feasibility study mission inspected the coal field this month and its members are understood to be enthusiastic about the potential of the deposits.

Of the group's other interests, civil engineering gave a satisfactory level of profit despite keen competition while the 60 per cent-owned Thiess Toyota division posted "reasonable" earnings. Thanks to higher cattle prices, the pastoral division returned to profitability. Overall group sales rose 8 per cent to A$208m in the past six months. Thiess shares were 210p yesterday.

GOPENG'S JOINT TIN VENTURE TO START IN 1980

Production is expected to start in the latter part of next year at the joint tin dredging venture of the Malaysian subsidiary of London's Gopeng Consolidated and the local Syarikat Permodalan dan Perusahaan Perak. The leases, which Gopeng purchased in 1974, are in the Chenderiang Valley of Perak.

Meanwhile, overall production from Gopeng's existing operations for the current year to September 30 is expected to be about the same as in 1977-78 when 1,714 tonnes of concentrates were turned out.

Output for the first four months of the current year amounts to 651 tonnes compared with 555 tonnes a year ago, but the chairman, Mr. J. D. Hellings, points out that drier weather is expected and this affects the company's hydraulic operations which are reliant on water supplies.

Mr. Hellings comments that in the longer term the much greater capital that will be needed to equip and operate the lower grade tin reserves which are now principally in prospect in Malaysia will mean that future investors will require greater protection for their investment.

He adds that security of tenure over the leases to be worked and the right of selection for the successful prospector are essential. This comment reflects the concern felt over the Selangor State Government's recent action in giving to its own company leases which were previously held by Berjuntai Tin Dredging and leaving the latter to work them on payment of a 10 per cent tribute.

Dividend promised as Stewart Nairn forecasts £100,000

IN A letter giving details of the acquisition of Maidment Knitwear and Stylon Products, Mr. N. I. Ostrom, chairman of the Stewart Nairn Group, is forecasting group pre-tax profits of not less than £100,000 for the year ending March 31, 1979. With this figure achieved, the directors would be able to recommend a dividend—the first since 1964.

After several years of losses this hosiery and knitwear group returned to profits with a pre-tax balance of £20,168 in 1976-77 and further improved to £50,001 in the following year. Interim results for 1978-79 show profits ahead from £22,988 to £39,431 with earnings per 5p share up from 0.27p to 0.42p.

The chairman reports that current year turnover in the knitwear division will show an increase of at least 150 per cent over the preceding year. As 85 per cent of overheads are of a fixed nature, there will be a much improved profit performance from this division. The chairman points out that the turnover increased would have been even greater but for the tightening of quota arrangements in respect of certain classes of merchandise.

The hosiery division continues to make profits and the process of re-equipping is proceeding at a normal pace and this will have a beneficial effect on production in the coming year.

The chairman says that the acquisition of Maidment and Stylon (for £99,000 and £10,000 respectively) is a logical expansion of the group's activities in the knitwear field. The purchase price for Maidment will be paid as to £16,000 on completion, £39,000 on March 31, 1979, £25,000 on September 30 and a final payment of £20,000 on March 31, 1980.

The chairman says that although the combined profits of Maidment and Stylon for 1977-78 are of a modest nature, continuing progress is being made in the current year and he expects a valuable contribution to the group in 1979-80.

Common Market Trust first half earnings up

PRE-TAX INCOME of Common Market Trust increased from £174,116 to £255,025 in the six months ended December 28, 1978. The amount available for distribution came through at £222,986 against £140,277—equal to 12.83p per participating share compared with 9.55p.

At December 28 the group had a borrowing facility available for investing in Continental European securities through the Common Market Fund amounting to $45m of which $35m had been drawn down. Of its net assets 17 per cent were held through investment currency, providing cover for the foreign currency loans as required by Exchange Control Regulations.

Following a relaxation in these Regulations the Bank of England has also given permission for the company to borrow foreign currency for the purpose of financing portfolio investment in quoted foreign currency securities issued by certain EEC institutions. Loans of DM 19.25m have been drawn down and are being invested in DM denominated EEC bonds.

The directors report that Continental European Stock markets moved ahead during the second half of 1978, with the exception of the Netherlands and Switzerland. Signs of renewed economic growth particularly in West Germany, together with generally falling inflation rates, have provided a favourable background for equity investment. They point out that the strength of the major European currencies has further contributed to the attraction of the markets in which the company is invested.

Of the company's aggregate net assets at December 28, Germany accounted for 29.9 per cent, followed by France with 21.9 per cent and The Netherlands with 16.1 per cent. A further 8.5 per cent was invested in Switzerland, 2.4 per cent in UK equities, 1.9 per cent in Sweden, 0.7 per cent in Belgium and 0.3 per cent in Italy. UK fixed interest stocks which contribute to the cover required for the foreign currency loans accounted for 58.6 per cent. Krugerrands accounted for 5.4 per cent.

The market value of group investments at December 28 was £38.23m (£30.06m at June 30, 1978) compared with a cost of £34.75m (£28.12m). Foreign currency deposits amounted to £5.99m (£3.51m) and sterling deposits to £3.07m (£0.37m). Foreign currency loans totalled £21.51m (£13.45m).

CLIFTON INVS. LITTLE CHANGED

With turnover marginally lower at £34,216, against £56,342, Clifton Investments slightly reduced its pre-tax loss from £46,517 to £43,180 for the year to March 31, 1978.

After a tax credit of £5,275 (£264 debit) loss per 10p share emerged at 0.55p, compared with 0.79p. Again no dividend is payable—the last was 0.7035p net in respect of 1973-74.

The company is 54.04 per cent owned by Aries Holdings, the ultimate holding company being Alcrafield.

Canadians ban drilling in Lancaster Sound

THE Canadian Government will not allow drilling to proceed this summer in the Lancaster Sound, off the north coast of Baffin Island.

Lancaster Sound is the shipping access route to the central arctic. The decision was taken after an environmental assessment which pointed to the dangers of a potential blowout to fish, bird and wildlife in the area.

Norlands Petroleum Group had proposed a single exploration well this year between Bylot and Devon Islands, following seismic work done in the past few seasons. The Federal Government is allowing drilling this year in the Davis Strait between Baffin Island and the West Greenland coast.

* * *

A consortium of Canadian oil companies are proceeding with a plan to drill a deep water wildcat well off Newfoundland this summer in an area held by Shell Canada Resources and Shell Explorer.

The consortium comprises of Texaco Canada, as operator, Petro-Canada, Hudsons Bay Oil and Gas, Home Oil and Dome Petroleum.

Texaco says the well is expected to cost more than C$25m and will earn the group a 50 per cent working interest in a 5.5m-acre block of Federal and Newfoundland provincial permit rights.

Shell Canada Resources is supplying some technical and operational personnel for the project.

* * *

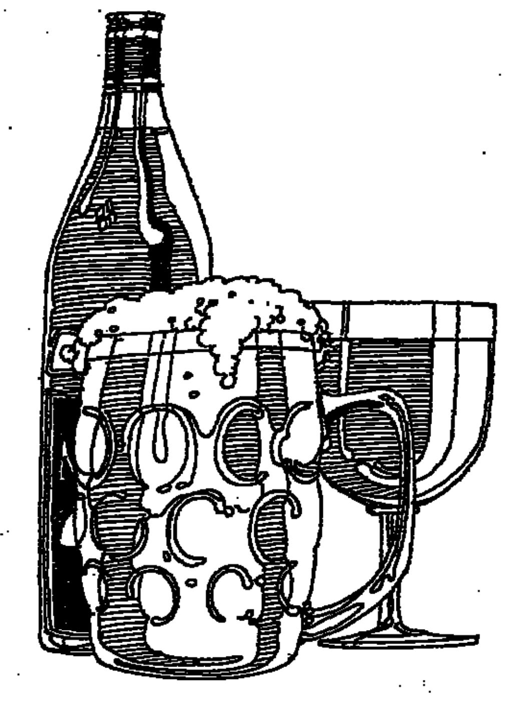
Pertamina, the state-owned Indonesian oil group, this week starts production at the rate of 5,000 barrels a day at a new oilfield near Cirebon, west Java. Quoting a company spokesman, the Antara news agency said production will rise to 10,000 barrels a day later in the year. The well was discovered last May. It is called Cemara Selatan.

* * *

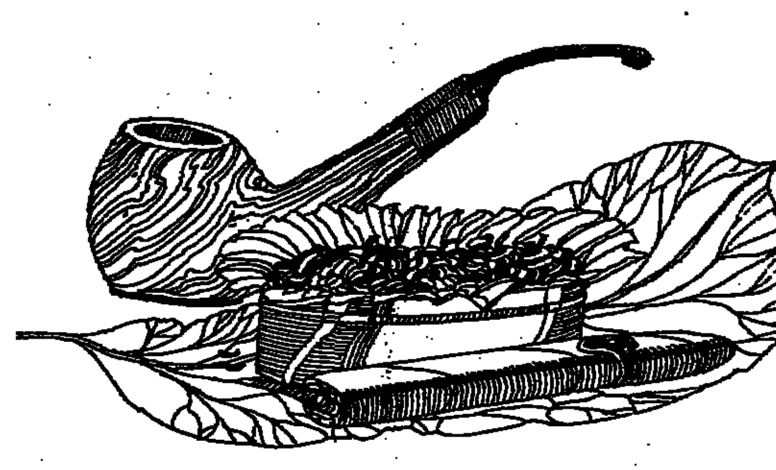
Norwegian crude oil exports rose by 25 per cent last year over 1977 to 16.9m tonnes worth NKr 9.2bn, an increase of 1.9bn tonnes. Exports of natural gas to Germany and the UK were worth NKr 5bn, a rise of NKr 4.2bn over 1977, the Norway Export Council said.

Successful diversification has helped make Imps the 6th largest company in Britain. Products sold by the Group amounted to nearly 4% of consumer expenditure.

Food



Brewing



Tobacco

as well as Paper, Board, Packaging and Plastics

IMPERIAL GROUP REPORTS ON 1978

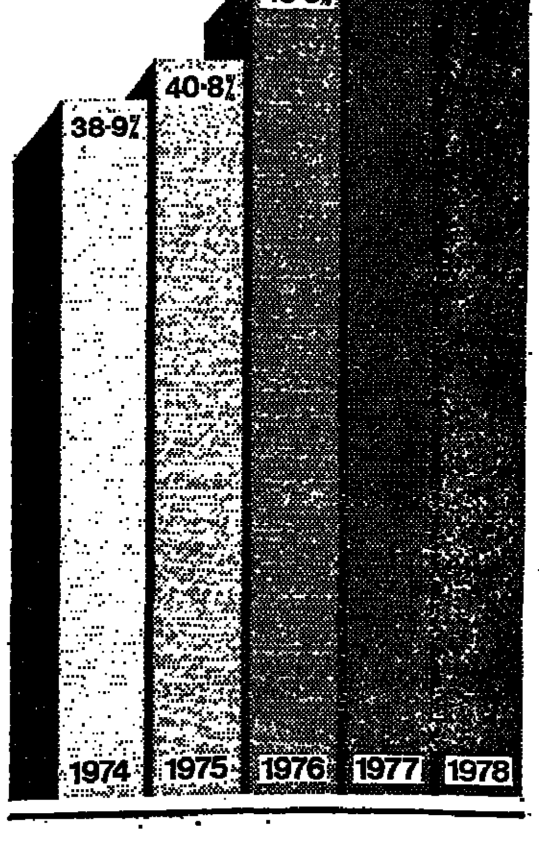
● **For the second year in succession our food, brewing and packaging businesses had a combined trading surplus greater than that of the Tobacco Division.**

● **This reflects the success of our programme of diversification to which we have been heavily committed since the 1960's.**

SUMMARY OF RESULTS

	1978 £ million	1977 £ million
Sales to customers outside the Group	3,432.8	3,196.2
Group trading surplus before interest	144.0	150.6
Interest on borrowings	(34.4)	(42.0)
	109.6	108.6
Income on investments	21.5	20.5
Group profit before tax	131.1	129.1
Group profit after tax and minorities	102.8	103.6
Profit from sales of properties and investments, etc.	20.3	5.8
	123.1	109.4
Retained in the business	78.5	69.4
Dividends	44.6	40.0
	123.1	109.4

TRADING SURPLUS FROM NON-TOBACCO INTERESTS



Statement by the Chairman, Sir John Pile

1978 – FINANCIAL PERFORMANCE

As was anticipated at the half-way stage of the financial year, attributable Group profits show an improvement over those for 1977, though our total trading surplus before interest, at £144 million, fell £6.6 million short of our 1977 achievement, which was itself £1.5 million down on the previous year. This was despite a rise of over 7% in sales during 1978 to some £3,400 million. Only our Brewery Division improved its surplus at the trading level. That of Tobacco declined slightly in a highly competitive market, but this was more than offset by a fall in the interest charges attributable to the fact that from January we were no longer required to pay large sums of tobacco duty in advance; the saving on this account was at least £8 million. Principally because of improved results from our associated company, Mardon Packaging International Limited, the surplus from our Paper, Board, Packaging and Plastics Division was only fractionally down on last year. Notwithstanding a strong recovery in the second half of the year, our Food Division's performance reflected downward pressures on profitability in the food manufacturing industry generally.

While consumer expenditure in total rose over the year, rates of growth in consumption differed among and within the principal sectors in which we trade, with consequently uneven effects on the fortunes of our operating companies. Other items have, as expected, worked in our favour and attributable profits were £13.8 million above those of last year. After payment of the recommended final dividend, profit retained, at £78.5 million, shows an increase of £9.1 million. This increase in retentions is an historical cost figure which should be viewed in the context of the continuing effect of inflation on our profits. Despite the increase in profits retained, we are still short, in these inflationary times, of generating sufficient funds from within our businesses to maintain and develop them.

DIVISIONAL RESULTS

	Sales 1978 £ million	Sales 1977 £ million	Trading surplus before interest 1978 £ million	Trading surplus before interest 1977 £ million
Tobacco	1,951.3	1,887.7	66.3	69.7
Paper, Board, Packaging and Plastics	230.0	203.8	15.9	16.2
Food	856.1	739.1	27.1	33.0
Brewery	449.9	415.8	37.1	32.5
Effects of currency changes	(17.6)	(14.3)	(2.4)	(0.8)
Total	3,469.7	3,232.1		
less: Sales within the Group	36.9	35.9		
TOTAL	3,432.8	3,196.2	144.0	150.6

J B Eastwood Limited

Of major significance to the Group was our acquisition in September of the poultry, egg and international meat trading business of J B Eastwood Limited. We are continually looking for opportunities to expand in suitable areas, and when Eastwood signalled its preparedness to merge with a larger group by initially recommending acceptance of an offer for the whole of its issued share capital by an American company, we saw the *opportunity of complementing our existing* interests in this field, as well as developing our meat wholesaling business, including exports. Accordingly, we made a cash counterbid of £39.6 million and we are now strengthened in our position as a major force in the world poultry industry, and as the foremost non-American broiler company with its own sophisticated breeding programme. We believe this acquisition to be of benefit not only to the Group but to the UK economy.

Strategic development

In the mid 1960's, we determined upon a strategy of diversifying through selected acquisitions into other fields of business, while striving to maintain our pre-eminence in tobacco. Our aim was to lessen our dependence on the single market which we dominated, and to widen the scope available to us for growth and expansion by broadening the spread of our assets. The acquisition of Eastwood is the latest manifestation of a coherent strategy which has brought us to the point where over half our trading surplus is generated by our non-tobacco companies. In the difficult task of permitting our various units the latitude they need to exploit the opportunities peculiar to their respective business environments, but of still comprehending the whole and giving it overall control, cohesion and identity of purpose, we believe we have struck the right balance.

Just as the fundamental nature of our business has evolved from that of a tobacco company in search of appropriate openings for diversification to that of the multi-divisional business we have now become, so it has been necessary to adapt our organisation so that it reflects the changed nature of Imperial and assists all levels of the Group to plan for the future. Accordingly, we have taken further steps over the past year to develop our systems for assessing risks and opportunities in every field, for formulating business plans and for resource allocation.

The shape and prosperity of the Group in the years ahead will depend greatly upon our continuing successfully to combine the respective talents of our Head Office staff functions with the commercial thrust and vitality of the operating units in our Divisions; we believe our organisation is well fitted to this purpose.

REVIEW OF TRADING

Tobacco Division

The decline in earnings of the Tobacco Division to £66.3 million, a shortfall of £3.4 million compared with 1977, is largely evidence of competitive pressures and the consequent promotional costs involved in Imperial Tobacco's defence and expansion of its share of the king size market.

Despite relentless competition we succeeded in doubling our king size volume to finish the year with 40% of a sector which by then accounted for 55% of total UK cigarette sales.

Paper, Board, Packaging and Plastics Division

After 1977's considerable improvement over the year before, the Division's surplus declined by £0.3 million to £15.9 million in 1978.

Weak trading conditions and a depressed market affected the sales of both board and light-weight printing papers. In a difficult year our plastics companies did well to improve on their previous year's earnings.

The strength in both product range and international spread of our associated company, Mardon Packaging International, showed through once more in another year of increased profits.

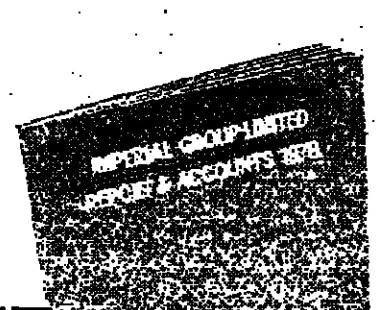
Food Division

The Food Division's United Kingdom businesses experienced their most difficult trading conditions for several years, and though the Division as a whole recovered in the second half, its surplus, at £27.1 million, was £5.9 million short of its 1977 total.

The Division continued to make significant progress in its export trade which, at £40.6 million, represented 6.5% of external sales of the UK companies, and sales by overseas companies rose to close on £233 million.

Brewery Division

At £37.1 million, the Division's surplus was £4.6 million better than in 1977. In another year of poor summer weather, the brewing industry experienced only a modest increase in beer consumption, with sales in the free trade and take-home sectors recording gains both for the industry generally and for Courage. At John Smith's Tadcaster brewery, the extension of the brewing plant became fully operational in May. Installation of the brewing plant at the new Berkshire brewery was well advanced and the first draught beer packaging line came into operation.



To the Registrar, P.O. Box 161 Bedminster, Bristol BS99 7JP.
Please send me the Imperial Group Annual Report.

NAME ____________________

ADDRESS ____________________

The Annual General meeting of Imperial Group will take place on Thursday, 22nd March, 1979.

imps

Imperial Group products include tobacco goods from W.D. & H.O. Wills, John Player and Sons and Ogden's; Ross Foods, Buxted Poultry, Golden Wonder Crisps, Smedley – HP Foods, Young's Seafoods; Courage and John Smith's Beers.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

UV moves to block takeover

By David Lascelles in New York

UV INDUSTRIES—the cash-rich metals and manufacturing concern which plans to liquidate itself and distribute the proceeds to its shareholders—has filed a series of lawsuits to block what it believes to be an attempt by another company to wrest control of it and thwart its plan.

A hearing opened in the New York State Court yesterday on UV's contention that Mr. Victor Posner—the controversial chairman of Sharon Steel, which owns 16 per cent of UV—is seeking control of UV by buying up its shares.

On Friday, UV won a temporary order barring Mr. Posner from concluding a 1.3m block purchase of its shares the previous day, and preventing him from buying any more pending yesterday's hearing.

UV announced its liquidation plan last month, shortly after it sold one of its subsidiaries, Federal Electric, for $345m, a sum which brought its ready cash assets to half a billion dollars. The company now fears that Mr. Posner plans to gain control of this money by raising his stake in UV to around 5 per cent.

UV shareholders are due to vote on the liquidation plan on March 26.

Schlumberger split

Schlumberger has voted a three-for-two split of common stock to shareholders of record on March 1979, agencies report from New York. The dividend is also increased by approximately per cent, a quarterly dividend 41½ cents a share being declared on a pre-split basis, against 35 cents a share previously. After the split, the quarterly dividend will be 27½ cents a share.

Ford of Canada

Ford Motor of Canada is to spend $1bn for original equipment in Canada this year, according to Mr. Roy Bennett, president, Reuter reports from Niagara Falls.

Firestone Tire cautious on outlook

AKRON — Firestone Tire and Rubber's sharply higer fiscal first quarter profit is an indication that the company is making progress, but it does not mean that Firestone's profit problems are over, states Mr. Richard A. Riley, chairman and chief executive.

"Overall he had a better operation" in the first quarter, he said. "But we're not going to make any estimates of earnings for the year because we're in such a volatile situation."

As recently reported, profit for the January 31 quarter jumped to $34.8m or 60 cents a share from $7.4m or 13 cents a year earlier. About half that swing was due to foreign currency translations, which produced a gain in the 1979 quarter in contrast to a loss a year earlier.

Mr. Riley declined to predict whether Firestone's higher first quarter earnings would have any impact on the proposed merger of Firestone into Borg-Warner Corporation. He repeated earlier statements that no merger terms have been approved by directors of either company—they just approved investigating the possibility of merger, he said. The "relative values" of the two companies "are going to have to be appraised as we go forward."

Under the previously discussed terms, Firestone shareholders would have a choice of a $16 debenture paying $1.60 annually in interest, or a convertible preferred share of a new holding company with a $1.30 annual dividend for each share of Firestone common.

Firestone currently pays $1.10 a share in annual dividends—27½ cents quarterly.

Borg-Warner shareholders would get common stock in the new holding company on a share-for-share basis.

Most of Firestone's first quarter profit was earned by its chemical and raw materials group, metal and industrial rubber products group and by operations in Latin America, Asia and Africa.

Operations in Europe had smaller operating losses than a year earlier and showed a profit after foreign currency translations.

The North American tyre business—Firestone's largest—earned a higher profit than a year earlier but Mr. Riley indicated that the profit was still small.

A cost-price squeeze was responsible for the profit pinch in North American tyre operations and the squeeze was worsened by the tyre recall programme. The company replaced about 1.8m steel-belted radial tyres during the quarter under a recall programme expected to result in free replacement of about 6m tyres and half-price replacement of another 4m

AP-DJ

Lawsuits in Polychrome bid battle

By Sue Cameron, Chemicals Correspondent

RHONE - POULENC, the French chemical company, has filed a lawsuit in America against the Japanese-based Dai Nippon and Chemicals group and against certain of the U.S.-based Polychrome Corporation's directors. The aim of the suit is to stop Dai Nippon's bid for Polychrome shares.

Rhone - Poulenc — which already owns 40 per cent of Polychrome—and Dai Nippon have both put in offers for Polychrome's remaining shares. Dai Nippon's bid stands at $25 per share; Rhone-Poulenc's is $22 per share.

The lawsuit alleges that the defendants have violated Federal securities laws by engaging in manipulative acts, by failling to make the necessary filings with the U.S. Securities and Exchange Commission and by failing to disclose material factors in connection with the Dai Nippon proposed tender offer.

The suit further alleges that the defendants have engaged in an illegal conspiracy to dilute the voting power of Polychrome common stockholders

Dividend hope next year at Massey

TORONTO—The return of dividends on Massey-Ferguson common shares is seen "some time next year," by Mr. Conrad F. Black, the company's chairman, if new financing plans are successful.

Mr. Black, who is also president of Argus Corporation, said after the Argus annual meeting that Massey-Ferguson plans to issue new classes of stock but not until its results show improvement in 1979.

Argus is the largest single shareholder in Massey-Ferguson with 16.4 per cent. Massey-Ferguson last paid a dividend of 25 cents on its common shares on December 20, 1977, and reported a profit for its first quarter, ended January 30, this year of $13m.

Massey's U.S. financing arrangements are due in May, and Mr. Black said, these arrangements were "going satisfactorily." Argus had no intention of holding any more than 30 per cent interest in its related companies. "The company is seeking new acquisitions, though," he said, "most likely in the natural resources field."

He denied rumours that Argus was seeking control of Noranda Mines.

Reuter

Commission chief backs Resorts

BY OUR NEW YORK STAFF

RESORTS INTERNATIONAL yesterday won the backing of the chairman of the New Jersey Casino Control Commission for a permanent licence to operate its Casino in Atlantic City, the first of its kind outside the State of Nevada.

However, at least three more of the five Commissioners must also approve the licence before it can be approved. Even so Wall Street reacted joyously to the news, and gambling shares shot up in hectic trading.

The chairman's ruling was made at the end of six weeks of hearings into Resorts' application for a permanent licence to replace the temporary one issued at the casino's opening last May, and due to expire last night.

Its application was strongly opposed by the State's Gaming Enforcement Authorities on the grounds of Resorts' alleged connections with organised crime and irregular financing practices.

However, the Commission's chairman, Mr. Joseph Lordi, said that the hearing had produced "absolutely no" evidence that Resorts was not qualified for a permanent licence.

Furthermore, he said, Resorts had run its Atlantic City casino in a commendable way since last May.

Resorts shares were suspended on Wall Street yesterday pending the long-awaited ruling.

U.S. aid lifts CDB lending to peak $48m

BY DAVID RENWICK IN TRINIDAD

THE CARIBBEAN Development Bank (CDB), the only CARICOM lending institution that operates on a regional basis, had its best year ever last year, when it lent a record $48m to borrowers in various CARICOM territories. The comparable figure for 1977 was $30m.

Last year's performance, as explained in a statement from the Bank, was bolstered by an inflow of $20m from the United Sates Agency for International Development (USAID), for on-lending by CDB under the terms of the emergency funding programme known as the Caribbean Development Facility.

The latter is a short term rescue project for those CARICOM economies suffering from acute balance of payments crises, particularly Jamaica and Guyana. The Bank is the channel for the money contributed to the facility by the U.S. Government.

Actual disbursement of loan funds also reached a new high last year. The CDB has been criticised in the past by many of its member countries for slothfulness in permitting money to be drawn down, but last year's disbursement figure of $25.6m will perhaps put fresh heart into potential borrowers.

Excluding money advanced under the Caribbean Development Facility scheme, most of last year's loan approvals again went to the sub-group within the CDB membership known as the less-developed countries (LDCs).

About 75 per cent of loan commitments were to the LDC group, with the remaining 25 per cent going to the more-developed country, or MDC group.

As far as the credit mix was concerned, the LDCs also benefited by obtaining almost all the soft money the CDB was in a position to lend (ie., at about four per cent interest). This was in recognition of the CDB's objective of discriminating in favour of the poorer CARICOM states, in an effort to close the development gap between them and the four wealthier territories (Trinidad and Tobago, Barbados, Jamaica and Guyana).

In the eight years it has operated, CDB has made loan commitments totalling $177.3m, with cumulative disbursements amounting to $97.8m. This is a 55 per cent ratio, which CDB claims is comparable with regional funding institutions elsewhere in the world.

Although its primary purpose is development of the CARICOM region and not profit as such, CDB did manage to make a small net surplus of $1.8m on its hard funds last year. Its total surplus reserves figure now stands at $8.3m.

The Bank considers this an indication that it can "successfully perform in the type of manner needed in order to continue to be able to attract external funds."

Its most recent successs in that direction has been a contribution of $5m from the Federal Military Government of Nigeria to the Bank's special fund resources.

EUROBONDS

Itel postpones issue due to weak markets

BY JOHN EVANS

ITEL CORPORATION has postponed its planned $25m eight-year Eurobond, with an indicated 10½ per cent coupon, due to adverse conditions in the international bond markets.

Syndicate lead manager was Kidder Peabody International. The bond was due to be offered today.

Kidder Peabody said although the offering was oversubscribed, the disappointing performance of other recent dollar issues led Itel to conclude that its longer term interests and those of its investors would be served best by a postponement.

Bond dealers said the Itel bond would clearly have opened at a major discount in secondary transactions, and noted that several other recent U.S. corporate bonds have fallen to levels producing yields of well over 10 per cent.

Itel, based in San Francisco, engages in the sale and leasing of transportation and computer equipment.

Only one other straight dollar bond is now due for offering, the $50m Newfoundland Province 10 per cent 15-year issue via Credit Commercial de France.

The Eurodollar bond secondary market was dull yesterday, with prices easing by around ¼ point initially in response to higher Eurodollar interbank rates. Some scattered buying later left quotations looking steadier.

Eurosterling bonds suffered losses ranging to ⅛ point yesterday. Lower yields available on Eurosterling issues, after their strong advance last week, started to deter investors.

Elsewhere, the Deutsche-Mark and Swiss bond markets were quiet.

MEDIUM-TERM CREDITS

Enagas raises ten-year money on fine terms

BY FRANCIS GHILES

ENAGAS, the Spanish national gas company, is raising at least $140m for ten years, with five years grace, on a split spread of ⅞ per centfor the first seven years, rising to 1 per cent. This loan, which will probably be increased to $190m, carries the guarantee of INI and is being led by Chase Manhattan Ltd.

These terms represent the finest for a prime Spanish borrower in the current cycle. About one-third of the proceeds are expected to be used to prepay part of a loan raised by the same borrower in 1977.

Romania's Bank for Agricultural and Food Industries is currently discussing a $135m loan, the funds of which are earmarked for the development of a pig farm. This loan is split into two tranches, $75m of which will be funded by the World Bank. The balance will be in the form of a $60m ten year loan which is expected to carry a spread of ⅞ per cent throughout. The lead manager of the second tranche is the Caisse Nationale du Credit Agricole, which is getting more active in the syndicated loan market but sticking to its policy of leading loans which have a direct relation to agricultural development or export projects. The Caisse hopes to have this loan underwritten by the middle of this week.

The Caisse is also trying to arrange a $50m loan for Mauritius. The funds will be used to finance the building of a sugar export terminal. Terms are believed to include a split spread of 1⅛ per cent on a $20m five year tranche and 1⅜ per cent on a $30m seven year tranche.

The first syndicated loan for Tanzania has been completed. Air Tanzania Corporation is raising $23.97m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on February 26

U.S. DOLLAR STRAIGHTS — Issued | Bid | Offer | Change on day | week | Yield

DEUTSCHE MARK STRAIGHTS — Issued | Bid | Offer | Change on day | week | Yield

SWISS FRANC STRAIGHTS — Issued | Bid | Offer | Change on day | week | Yield

YEN STRAIGHTS — Issued | Bid | Offer | Change on day | week | Yield

OTHER STRAIGHTS — Issued | Bid | Offer | Change on day | week | Yield

FLOATING RATE NOTES — Spread | Bid | Offer | C.dte | C.cpn | C.yld

CONVERTIBLE BONDS — Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

U.S. QUARTERLIES

CARNATION COMPANY	1978	1977
Fourth quarter	$	$
Revenue	699.1m	623.5m
Net profits	35.85m	28.15m
Net per share	0.96	0.75
Year		
Revenue	2.58bn	2.33bn
Net profits	123.7m	109.1m
Net per share	3.32	2.93

COMMONWEALTH EDISON	1978	1977
	$	$
Revenue	2.45bn	2.33bn
Net profits	245.8m	186.3m
Net per share	3.18	2.87

ESMARK INCORPORATED	1979	1978
First quarter	$	$
Revenue	1.54bn	1.28bn
Net profits	17.7m	16.0m
Net per share	0.83	0.73

DR. PEPPER COMPANY	1978	1977
Fourth quarter	$	$
Revenue	82.7m	53.3m
Net profits	5.06m	4.34m
Net per share	0.25	0.22
Year		
Revenue	271.0m	226.8m
Net profits	23.57m	20.32m
Net per share	1.17	1.01

FLORIDA POWER AND LIGHT	1978	1977
Year	$	$
Revenue	1.65bn	1.47bn
Net profits	209.05m	184.26m
Net per share	4.47	3.91

LOEWS CORPORATION	1978	1977
Fourth quarter	$	$
Revenue	907.4m	842.4m
Net profits	44.1m	31.1m
Net per share	3.82	2.53
Year		
Revenue	3.46bn	3.24bn
Net profits	169.2m	174.7m
Net per share	14.47	13.68

MARRIOTT CORPORATION	1978	1977
Year	$	$
Revenue	1.25bn	1.05bn
Net profits	54.2m	39.1m
Net per share	1.43	1.14

MCA INCORPORATED	1978	1977
Fourth quarter	$	$
Revenue	333.8m	269.6m
Net profits	40.2m	32.7m
Net per share	1.72	1.38
Year		
Revenue	1.12bn	877.6m
Net profits	128.3m	95.1m
Net per share	5.52	[illegible]

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at February 20, 1979 (Base 100 on 14.1.77)
Clive Fixed Interest Capital ... 131.30
Clive Fixed Interest Income ... 110.47xd

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London, EC3V 3PB. Tel.: 01-623 6314.
Index Guide as at February 22, 1979
Capital Fixed Interest Portfolio ... 101.94
Income Fixed Interest Portfolio ... 100.56

Profits setback for Ciba-Geigy

BY JOHN WICKS IN ZURICH

REDUCED PROFITS and a lower cash-flow are reported by Ciba-Geigy, the largest chemical company in Switzerland and the country's second biggest industrial entity after Nestle.

Operating profits for 1978 are 14 per cent lower at SwFr 360m ($216m) and operating cash flow has dipped to SwFr 962m from SwFr 1.05bn. The company is, however, maintaining its dividend at SwFr 22 per share.

Ciba operates in five main product fields: dyestuffs and chemicals, pharmaceuticals, agrochemicals, plastics and additives and consumer products, including photographics. North America accounts for something like a third of total sales. In the UK Ciba owns the Ilford group.

The company explains that its lower profits spring primarily from the strong appreciation of the Swiss franc. Considerable achievements in marketing and efforts to cut costs and expenditure "were not quite sufficient" to counter-balance the exchange setback.

Ciba has already announced a 10 per cent decline in group turnover to SwFr 8.93bn, also a result of the high level of the Swiss franc. In fact, sales in terms of local currencies had shown a rise in 1978 of as much as 11 per cent.

Capital expenditure throughout the Ciba group reached SwFr 554m last year, a drop of SwFr 86m over the figure for the preceding year. However, this reflects the increased purchasing power of the Swiss franc abroad rather than an actual deceleration in investment activity.

Expenditure on research and development, at SwFr 762m, was at almost exactly the 1977 level of SwFr 760m.

As a result of [illegible] tions the number of [illegible] employed went up by [illegible] to 75,294. The Swiss-based [illegible] force, given as just over [illegible] for 1977, is said to have remained constant.

● A representative office has been opened by Credit Suisse in the Canadian city of Calgary. The office is intended to [illegible] bank clients to strengthen [illegible] ness contacts and generally [illegible] pand Credit Suisse operations in the provinces of Alberta, British Colombia, Saskatchewan and Manitoba.

Record assets at Vienna bank

BY PAUL LENDVAI IN VIENNA

TOTAL ASSETS of Austria's largest savings bank, Zentralsparkasse der Gemeinde Wien, rose by nearly 23 per cent last year to a record Sch 75.7bn ($5.6bn).

This was the fastest growth rate experienced by the Vienna-based bank during the past 15 years, said Dr. Karl Vak, the board chairman. Foreign business, now accounting for a tenth of the balance sheet total against 8 per cent the previous year, provided much of the impetus behind the expansion.

The opening of a representative office in Milan reflected the increased interest in foreign business. Zentralsparkasse also set up a joint trading house with the Lohmann trading house of Bremen.

Zentralsparkasse increased its savings deposits by 14.4 per cent to Sch 37.8bn, giving it a market share of 8.7 per cent. Its share of premium savings deposits was 18.5 per cent. Both figures are calculated in terms of the entire banking sector and not only of deposits at savings banks.

The bank opened eight new branches last year, raising the total to 118. A detailed breakdown also reveals that the bank recorded a 63 per cent jump in export finance and a 21 per cent rise in commercial credits in foreign business. Earlier this month, the bank floated a Sch 750m bond issue, its first ever direct operation on the capital market. Lists were already oversubscribed on the second day.

* * *

Nettingsdorfer Papierfabrik AG, the Austrian paper and pulp plant made a loss last year of Sch 40m. Through transfers from the reserves, the balance sheet loss was reduced to Sch 14.5m. Originally, the management expected a loss of Sch 80m for 1978.

Turnover fell to Sch 745m last year from Sch 765m.

Nettingsdorfer produced 117,000 tons of pulp and 138,000 tons of corrugated board last year. About 55 per cent of the board output was exported and the company also has a domestic market share of 55 per cent.

The company hopes that consumption of board in Austria will reach the West German level of 29 kilograms per head; the corresponding figure for Austria is only 19 kilograms. Production staff currently totals 760, but redundancies are expected after 1980.

Julius Baer to change structure

By Our Zurich Correspondent

PLANS for a change in corporate structure possibly involving wider share ownership were unveiled yesterday by the Zurich-based bank Julius Baer and Co.

According to Hans J. Baer, the chairman, there could be a grouping of the various operating companies under a single parent undertaking. This would permit a gradual increase of share capital as required by the development of the Baer group.

A step of this kind is seen as obviating anomalies existing between the bank itself and Baer Holding AG. While the Zurich bank is owned by the Baer family, Baer Holding—in which the bank has a voting rights majority—has a number of non-family shareholders.

It has not yet been decided whether and to what extent persons other than existing shareholders would be able to participate in such capital increase. A new stock issue "was likely early next year," but it was not expected to be on a very large scale.

For 1978, Bank Julius Baer recorded a slight fall in net profits to SwFr 9.35m from SwFr 9.94m, of which an unchanged sum of SwFr 6.5m will be distributed as dividend. Actual gross earnings were up, however, by SwFr 4m to SwFr 53m. This was due almost wholly to a jump in income from foreign exchange and precious metals trading from SwFr 5.66m to SwFr 9.9m over the year.

The balance-sheet total of the Zurich bank rose last year by 14 per cent to SwFr 713m, due primarily to an increase in deposits to SwFr 442m.

Exports boost growth at Nokia

BY LANCE KEYWORTH IN HELSINKI

NOKIA AB was again able to keep its sales growth just ahead of the rate of inflation, due once more to the improved export performance of all the main group divisions except Nokia Electronics.

Parent company turnover increased by 9 per cent to FMk 2.1bn ($520m) while the growth of consolidated net sales by the Nokia group was about 8 per cent to FMk 2.5bn, according to the preliminary report for 1978. The parent company recorded a 22 per cent increase in export sales to FMk 680m which was matched by its Finnish subsidiaries.

Nokia describes 1978 as a satisfactory year for the Finnish cable-works and Nokia Electronics, but unsatisfactory for the pulp, paper and power division, the Finnish rubber works and Nokia Plastics. Given the present strengthening trend in the company's main markets, the prospects for the year ahead are reasonably good. Every division shows an increase in the export sales budget for 1979.

* * *

In view of the weak banking conditions, the result for 1978 was "very satisfactory," notes Kansallis-Osake-Pankki in its annual report. Profit and dividend were maintained and deposits increased considerably.

KOP's balance-sheet total at the end of 1978 was FMk 16.26bn ($4bn), or 6 per cent higher than in 1977. The deposit total at the end of the year was FMk 9.82bn, an increase of 15 per cent. The credit portfolio was enlarged by 8 per cent to FMk 8.96bn.

Net earnings last year, after maximum depreciation and transfers to the credit loss reserve, totalled FMk 45m, about the same as in 1977. KOP proposes to maintain an 11 per cent dividend.

Liquidity ratio at the end of the year was over 7 per cent, which compares with the legal minimum requirement of 4 per cent. The credit loss reserve of FMk 303m now covers only 1.5 per cent of the aggregate loan and commitments total. This, KOP observes, is quite small.

The year was the first full operating 12 months for KOP's fully owned subsidiary, Kansallis International Bank SA, in Luxembourg, which made a trading profit of LFr 36m.

Sharp reduction in losses from SGI

BY RUPERT CORNWELL IN ROME

SOCIETA Generale Immobiliare (SGI) yesterday reported a sharp reduction in its losses to L3bn ($3.5m) last year, compared with L19bn ($23m) in 1977 and L53bn ($63m) in 1976.

The company, which is Italy's largest property and construction group attributed the improvement to both the improved financial circumstances after the rescue operation last year by a consortium of 39 Italian banks, and a brighter outlook on the industrial front.

A spokesman last night expressed the hope that the recovery would continue this year. Much, however, will depend on whether there is a real pick up in the depressed domestic construction market.

According to a statement issued by SGI last night, turnover of the holding company remained little changed in 1978 at L70bn ($84m). However, its financial position was vastly improved by a reduction in interest rate charges after the banks took over L110bn ($131m) of outstanding debts in return for ownership of its property holdings valued at L200bn ($240m).

SGI said on December 31, 1978 income from sales reached L105bn ($125m), while orders in hand both in Italy and overseas totalled L145bn ($174m). Since then the group has won a $150m contract in the U.S. to renovate and rebuild over 1,000 flats in a complex in Boston.

The recovery programme for the group was agreed after an acute financial crisis following heavy losses.

● Quaker Oats climbed to within 40,750 shares of the minimum level set for the successful conclusion of a public tender launched by the U.S. foods group on the Milan bourse to win a controlling interest in Chiari E. Forti Spa, an Italian seed oil firm.

The Milan Brokers Committee reported that a total of 1.46m Chiari E. Forti shares were delivered in six days of public tender. Quaker Oats, which already holds a 27.2 per cent interest in the Italian firm, offered L2,500 a share for a minimum amount of 1.5m shares, up to a maximum of 2.9m shares.

NMB to lift dividend after earnings rise

By Charles Batchelor in Amsterdam

NEDERLANDSCHE Middenstandsbank (NMB) reported even faster profit growth in 1978 than in the year before. Net profit rose 28 per cent compared with the 26 per cent increase in 1977, and the bank therefore proposes to increase its total dividend to Fl 12 per Fl 50 nominal share from Fl 11.

Largely due to an increase in the amount of business, the bank, which specialises in providing finance to small and medium sized companies, increased profit after tax and provisions to Fl 125.8m ($62.9m) from Fl 98.2m. Revenues rose 18 per cent, while expenditure was only 14 per cent higher. The margin of interest was on average unchanged on 1977.

The full year's profit rise at the bank, which is Holland's fourth largest, outstripped the half-year improvement of 16 per cent. NMB is 23 per cent owned by the Dutch state.

NMB's balance sheet total exceeded Fl 30bn for the first time, rising 22 per cent to Fl 33.1bn ($16.50bn). Debtors' items rose 28 per cent to Fl 20.3bn, while deposits rose 21 per cent to Fl 31.2bn. The bank described the 1978 result as "once again satisfactory."

NMB proposes a final dividend of Fl 7.50, after earlier announcing an interim payment of Fl 4.50 in cash or Fl 2.50 in shares from the tax-free premium reserve. Profit per share, adjusted for increases in issued capital, rose to Fl 28.47 from Fl 24.68. The bank paid Fl 120m into reserves, compared with Fl 96m in 1977.

Dutch copier group raises payout

By Our Amsterdam Correspondent

OCE-VAN der Grinten, the Dutch copier group, plans to increase its dividend on the basis of net profits which rose considerably faster than sales. The company described the results—for the year ended November—as satisfactory.

Oce, which acquired the British Ozalid group in 1977, proposes paying a total dividend of Fl 7.60 per share compared with Fl 7.20. Net profit rose to Fl 41.3m ($20.6m) from Fl 37.7m, a 9.5 per cent increase, while sales were 6 per cent higher at Fl 1.25bn ($625m).

U.S. purchase lifts Ahold

BY OUR AMSTERDAM CORRESPONDENT

BI-LO THE U.S. retailer acquired in mid-1977, made a substantial contribution to the 1978 profit of the Dutch stores group, Ahold. The Dutch concern announced plans to raise its 1978 dividend to Fl 6.40 per Fl 20 nominal share from Fl 5.60. Payment will be in the form of Fl 4.40 in cash and Fl 2 in shares from the tax-free premium reserve.

Net profit of the Ahold group, including Bi-Lo rose by 32 per cent to Fl 48.6m ($24.3m). Excluding the American company, profits rose 23 per cent to Fl 42.1m. The profit position was improved by a temporary reduction in the tax charge in 1978 worth Fl 1.7m, the company said.

Net profit represented 0.98 per cent of turnover compared with 0.89 per cent the year before. Operating profit rose by 34 per cent to Fl 100.4m. Excluding Bi-Lo, operating profit rose 18 per cent to Fl 76m. The return on sales rose to 2.03 per cent from 1.81 per cent.

Ahold's sales to third parties, excluding Bi-Lo, rose by 6 per cent to Fl 4.08bn ($2.1bn). However, price increases in the company's sales range were very small last year, it said. Total sales, including Bi-Lo, rose by 19 per cent to Fl 4.94bn, although only 19 weeks of the U.S. company's results were included in the 1977 figures.

Profit per share was Fl 21.55 compared with Fl 17.91 in 1977.

Sika group expects to maintain earnings

BY OUR ZURICH CORRESPONDENT

THE HOLDING company for the Sika group, Sika Finanz AG, specialists in the manufacture of building chemicals and additives, expects consolidated net profit for 1978 to be close to the previous year's figures or SwFr 5.44m. Net turnover for the year rose from SwFr 248m to about SwFr 256m. The company points out that despite "substantial" exchange-rate losses in connection with the group's non-Swiss activities, prospects for the current year are viewed "with confidence."

Swiss chocolate company Chocoladefabriken Lindt Spruengli is to pay a centenary bonus of SwFr 10 per share for 1978 on top of an unchanged regular dividend of SwFr 80. This recommendation follows a rise in parent-company profits from SwFr 2.7m to SwFr 2.9m for the year.

World turnover, including licence income, increased by 8.3 per cent last year to SwFr 442m. Had the Swiss-franc exchange rate remained at 1977 levels, the rise would have been of as much as 16 per cent. This expansion is due partly to the full consolidation of the French subsidiary Consortium Francais de Confiserie, in which Lindt acquired a majority stake in autumn, 1977.

Parent - company sales accounted for SwFr 141m of group figures, a decline of 3.3 per cent over the previous year.

In January, stock exchange turnover in Zurich reached SwFr 10.2bn, the highest level since the peak figure of SwFr 11.33bn recorded for March, 1977. The Basle Bourse showed turnover for January, 1979, of SwFr 2.21bn; this was exactly the same as that booked for the same month last year but higher than any other in Basle since September, 1976.

Swiss stock trading benefited considerably from the lifting in late January of restrictions imposed in February, 1978, on Swiss-Franc portfolio investments by non-residents.

Australian market on the upgrade

By James Forth in Sydney

INVESTORS had a good year on Australian share markets in 1978, but if the present conditions keep up they are headed for an even better year in 1979. The Sydney All Ordinaries Index rose 62 points, or 13 per cent, in 1978—and although 1979 is barely under way it has already risen a further 43 points, or 7.9 per cent, to 585.1. Moreover, the general consensus among share brokers is that the bull trend is likely to continue for some time.

There are several factors behind the strong tone. For a start, there is a widespread, and growing, belief that the Australian economy is now in a recovery phase, after several years of recession. Recent surveys indicate that the degree of confidence and optimism in the business community has improved. The rural sector had a much better season than was expected, which has led to a surge in rural incomes, and in exports, particularly wheat, which will take much of the pressure off the balance of payments.

Higher, and still rising, metal prices, signs of an upturn in the dwelling construction industry, improving retail sales, and an improvement in activity evident in industrial production statistics have all contributed to the confident stance by investors.

Much of the buying support is going into resource stocks, and there has been a noticeable increase in buying from overseas, notably from the UK, but also from Hong Kong, Europe and the U.S., for stocks in this category.

Australia has abundant reserves of energy, mainly in coal, uranium and natural gas, and the latest oil crisis in Iran has turned foreign investors towards Australia as a stable place to invest. The gain in metal prices has also resulted in solid price gains in this area. The mining group, Peko-Wallsend recently reinforced investors' hopes in this sector when it announced plans to reactivate its copper smelter (which has been shut down for four years) and substantially to boost copper production, including developing a new mine. Since the start of January the Sydney Metals and Minerals Index has already risen 320.56 points, or 12.5 per cent to 2,873.71. The outbreak of fighting between China and Vietnam has only served to give added impetus to the increase in the price of mining stocks.

An added factor to the stronger tone is that the half yearly profit season is now in full swing and already it is clear that company profits will be substantially higher in 1978-79. Over the past two or three years companies have substantially improved the cost efficiency of their operations largely through the introduction of labour saving plans, which is one reason the unemployment levels are at an uncomfortably high 7.8 per cent of the workforce. The result is that even modest increases in demand will result in strong profit increases.

Nowhere was this more clearly demonstrated than by Broken Hill Proprietary, the steel, petroleum and minerals group. BHP is Australia's only steel producer, and achieved a turnround in the November half-year, to return to profits. Overall, BHP more than doubled net earnings to A$87m (some US$100m) and the board expects at least to equal this performance in the second-half. Moreover, the result was after allowing for BHP's own method of inflation accounting. On a conventional, historical cost accounting basis the group appears headed for a profit of about A$120m, or about A$1.50 a share in 1978-79.

BHP is the market leader, and carries a heavy weighting in the indices. Investors and shareholders had been expecting an improved profit, but the result was much better than anticipated and provided a strong boost to prices across the board. BHP itself came under heavy buying support and moved up to A$10.78, its highest level since 1972.

Such is the strength of the market at present that the A$300m failure of the finance company, Associated Securities Ltd., has had little impact. Shares in Bank of Adelaide came under some pressure because of concern that its finance offshoot would also report losses and further property write-offs. But the bank nipped this in the bud by releasing the results of the finance company, which showed a profit and no heavy write-offs. Investors have apparently decided the ASL failure will be confined. The attitude which prevailed in 1974, when Cambridge Credit collapsed and other financiers were under pressure because of problem property investments, is missing this time around.

The return of interest in speculative miners and petroleum explorers, which has been noticeable in recent months, shows no signs of abating. In fact, most sharebrokers are tipping that oil stocks in particular will be in favour over the next few months, because of developments off the North West Coast, near the large North West Shelf natural gas discoveries.

Public works investment powers Komatsu recovery

BY YOKO SHIBATA IN TOKYO

KOMATSU, THE world's second largest construction machinery manufacturer, showed an impressive recovery in performance in 1978, following the previous year's setback caused by the yen appreciation. Supported by strong domestic demand resulting from the Government investments in public works—aimed at stimulating the economy—Komatsu's operating profits increased 21.2 per cent to Y34.01bn ($138m), net profits 10.3 per cent to Y15.9bn, on sales of Y396.66bn, up 12.2 per cent over fiscal 1977. Per share profits were Y22.0, compared with Y20.2.

Exports in volume flattened out, compared with the previous year, but in value—accounting for 40 per cent of the total turnover, against 43 per cent in 1977—went up by 7.5 per cent despite the sharp appreciation of the yen. The company covered the drop in export volume by price increases and measures to reduce production costs. While its domestic sales gained 16 per cent, helped by strong sales of bulldozers (enjoying 60 per cent of the Japanese market) and powershovels (20 per cent of the Japanese market).

Efforts to improve its financial standing were rewarded. During the year, Komatsu reduced its short and long term borrowing by Y12bn, and it had for the first time net financial revenue of Y2.1bn (interest and dividends received minus interest and dividends paid).

For the current fiscal year, ending December, Komatsu sees an upward trend in domestic demand arising from investment in public works, and a recovery in overseas sales in the latter half of the year. Sales are expected to be Y44bn, up 11 per cent, and operating profits are up 14.7 per cent to Y3.9bn.

Move towards relaxation

TOKYO — The Japanese Finance Ministry is considering a further relaxation of foreign exchange controls including an extension of the maximum import usance period and expansion of yen-dollar swap quotas for foreign banks.

The Ministry, which on Friday lifted remaining restrictions on non-resident purchases of Japanese bonds, said it may also raise the maximum conversion period for yen-denominated bonds issued by foreign enterprises and governments into dollars.

It did not elaborate, but the newspaper, Nihon Keizai said that the period is likely to be extended to 30 days from the present seven.

The newspaper also said the total swap quota for foreign banks is expected to be expanded to $4bn from the present level of about $3.3bn.

The maximum import usance period will be extended to 160 or 180 days from the present 140 days, it added.

Reuter

Sun Hung Kai Securities ahead

BY HUGH PEYMAN IN HONG KONG

HONG KONG'S leading stockbrokers, Sun Hung Kai Securities benefited from the much more active local stock markets in 1978, and raised its consolidated net profit nearly 50 per cent, from HK$41.46m in a dull 1977 to HK$60.80m (US$12.6m) in 1978.

Announcing a one cent higher final dividend of 8.5 cents for a total of 16.5 cents in 1978, against 14.5 cents in the previous year, Sun Hung Kai forecasts satisfactory results for 1979. The company said the group's diversification programme has led to a broader income base, but undoubtedly the presently active gold and local stock markets will be major determinants of future success. Sun Hung Kai is estimated to handle about 2.5 per cent of all Hong Kong stock broking business and is increasingly important in gold. Earnings per share rose 37 per cent in 1978 to 30.4 cents from 22.1 cents.

The company said that growth in commodity and U.S. securities trading also added to the profit growth, while Sun Hung Kai Finance's contribution, usually around half of group profit, was also significant. Analysts estimate that profits could have been HK$1-2m more if there had not been rumours in November that Sun Hung Kai Finance suffered losses in the gold and share markets. The company denied that losses were sustained either in clients accounts or in clients' margin accounts.

* * *

THE HONGKONG and Shanghai Banking Corporation has completed the sale of the Hongkong Bank of California to the Central Bank Oakland, California.

The Hongkong Bank is seeking approval to acquire a majority shareholding in Marine Midland Banks of New York.

Under U.S. Federal banking regulations a foreign bank may control only one U.S. bank. The Central Bank has bought all the outstanding shares of the Hongkong Bank of California.

In October the Hongkong Bank said it might sell its wholly-owned California subsidiary for U.S.$3.5m over book value. The Hongkong Bank of California has been a source of some problems for its parent because under California's tax system it has to pay tax on worldwide profits, while in California the bank has made losses. The Hongkong Bank will maintain its agency offices in San Francisco and Los Angeles.

Top bankers aid growth of Arab capital market

BY RAMI G. KHOURI IN AMMAN

FIVE PROMINENT Arab bankers and financial experts have been brought in by Arab central bank governors to carry out the next phase of the year-old drive to promote the integration of Arab capital markets. After a two-day meeting here of the technical committee of the five people, they will now fan out throughout the Arab world to conduct detailed field studies of both the factors that either deter or promote the development of capital markets in the seven Arab states that have established capital markets or are in the process of developing them.

The five-man committee—composed of Hikmat Nashashibi and Usama Ansar from Kuwait, Dr. Hisham Bisat from Lebanon, Dr. Hashem Sabbagh from Jordan and Mr. Bashir Zuheiri from the Brussels-based Arab-European Bank—will in turn prepare a detailed, action-oriented report for the second annual meeting of Arab central bank governors scheduled for June in Tripoli.

Jordan central bank sources who participated in the meetings here last week said that the seven countries to be visited are Lebanon, Jordan, Kuwait, Bahrain, Tunis, Egypt and Morocco, with a special study also to be prepared on Arab owned or dominated international financial institutions such as the Europe-based consortia banks.

The overall aim of the Arab central bank governors is to identify ways to promote the development of individual capital markets in Arab states, leading to their eventual, gradual integration into one large Arab capital market. The integration of short-term-lending money markets may follow on the coat tails of this drive, but the current focus of the Arab central bank governors is the development of capital markets geared to long-term lending, both for private and public sector borrowers.

Chemical profits rise

BY JIM JONES IN JOHANNESBURG

SEVERAL YEARS of heavy capital expenditure and a steady shift from oil- to coal-based feedstocks is benefiting South Africa's two premier chemical companies, AECI and Sentrachem.

In 1978, AECI, which is jointly controlled by ICI and De Beers Industrial Corporation, which each owns 40 per cent of the equity, increased its turnover 19.2 per cent to R704m ($828m), from R590m in 1977. But group pre-tax income rose 47.4 per cent to R95.2m ($112m), from R64.6m, after a R49.6m depreciation charge.

Mr. Denys Marvin, the managing director, says that the main feature of the results was an 11 per cent increase in local volume sales over 1977. The subsidiary, South African Nylon Spinners (Sans), faced much weaker competition from foreign yarn.

However, though Mr. Marvin says the improved results arose from better plant use, he warns that they should not be interpreted as heralding a major improvement in the South African economy, and though the company is relatively independent of oil-based feedstocks, continuing disruption of Middle East oil flows are a threat to chemical markets. Even so, AECI executives are confident that this year's profit will exceed that of 1978.

From earnings of 57.0 cents, against 37.2 cents, AECI has declared total dividends of 22 cents (18 cents).

This year, the Coalplex pvc from coal plant owned as to 60 per cent by AECI and 40 per cent by Sentrachem is expected to operate at break-even before reaching profitability in 1980.

In 1979, Coalplex's first year of operation, an operating loss was incurred as the plant built up to annual capacity of 147,000 tonnes of carbide, 47,000 tonnes of acetylene, 90,000 tonnes of chlorine, 104,000 tonnes of vynil chloride monomer and 100,000 tonnes of pvc.

Coalplex's start-up losses meant that Sentrachem's first-half profit increase for the six months to end-December was relatively small, 6.7 per cent, rising from R16.2m to R17.3m ($20.4m). This was achieved on a 21.5 per cent turnover increase, to R111.4m ($131m), from R91.7m.

From first-half earnings of 17.7 per cent per share, an increased interim dividend of 8 cents (7 cents) has been paid.

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on February 26, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

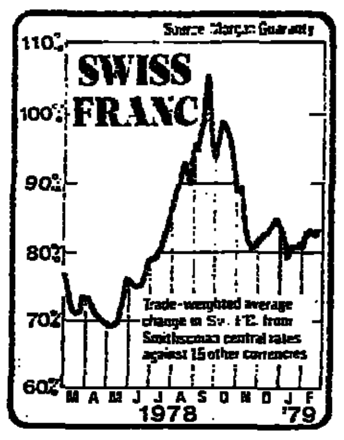
Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; *(P) based on U.S. dollar parities* and going sterling/dollar rate; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	82.00
Albania	Luk	10.1695
Algeria	Dinar	7.7382
Andorra	French Franc	8.6125
	Spanish Peseta	139.55
Angola	Kwana	n.a.
Antigua (S)	E. Caribbean $	5.4617
Argentina	Ar. Peso Free Rate	2214
Australia (S)	Australian $	1.7900
Austria	Schilling	27.355
Azores	Portug. Escudo	96.00
Bahamas (S)	Ba. Dollar	2.0210
Bangladesh (S)	Taka	30.99 (sg)
Bahrain (S)	Dinar	0.773
Balearic Isles	Spa. Peseta	139.55
Barbados (S)	Babados $††	4.0420
Belgium	B. Franc	(cm) 69.00
		(fn) 59.30
Belize	B $	4.0420
Benin	C.F.A. Franc	430⅝
Bermuda (S)	Bda $	2.0210
Bhutan	Indian Rupee	16.427 (sg)
Bolivia	Bolivian Peso	40.42
Botswana (S)	Pula	1.6737
Brazil	Cruzeiro ‡‡	44.80
Brit. Virgin Isles (S)	U.S. $	2.0210
Brunei (S)	Brunei $	4.3788
Bulgaria	Lev	1.7340
Burma	Kyat	13.5955
Burundi	Burundi Franc	180.02
Cameroon Republic	C.F.A. Franc	430⅝
Canada	Canadian $	2.4195
Canary Islands	Spanish Peseta	139.55
Cape Verde Isle	Cape V. Escudo	73.7867
Cayman Islands (S)	Cay. Is. $	1.6842
Cent. African Rep.	C.F.A. Franc	430⅝
Chad	C.F.A. Franc	430⅝
Chile	C. Peso	(Bk) 70.09
China	Renminbi Yuan	3.1609
Columbia	C. Peso	(F) 83.78
Comoro Islands	C.F.A. Franc	430⅝
Congo (Brazzaville)	C.F.A. Franc	430⅝
Costa Rica	Colon	17.8305
Cuba	Cuban Peso	1.4516
Cyprus (S)	Cyprus £	0.7170
Czechoslovakia	Koruna	(com) 10.60
		n/c 21.10
		(T) 17.85
Denmark	Danish Krone	10.375
Djibouti	Fr.	350.0
Dominica (S)	E. Caribbean $	5.4617
Dominican Repub.	Dominican Peso	2.0210
Ecuador	Sucre	(O) 50.24
		(F) 55.09
Egypt	Egyptian £	(T) 1.4025
Equatorial Guinea	Pesata	139.55
Ethiopia	Ethiopian Birr	(P) 4.1883
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	10.375
Fiji Islands	Fiji $	1.6825
Finland	Markka	7.90
France	French Franc	8.615
French C'ty in Af*	C.F.A. Franc	430⅝
French Guiana	Local Franc	8.6125
French Pacific Is.	C.F.P. Franc	156.59
Gabon	C.F.A. Franc	430⅝
Gambia (S)	Dalasi	4.0264
Germany (East)	Ostmark	3.7325
Germany (West)	Deutsche Mark	3.7325
Ghana (S)	Cedi	5.53 (sg)
Gibraltar (K)	Gibraltar £	1.0
Gilbert Islands	Australian $	1.7900
Greece	Drachma	73.362
Greenland	Danish Kroner	10.375
Grenada (S)	E. Caribbean $	5.4617
Guadaloupe	Local Franc	8.6125
Guam	U.S. $	2.0210
Guatemala	Quetzal	2.0210
Guinea Republic	Sily	38.776
Guinea Bissau		691.158
Guyana (S)	Guyanese $	5.1535
Haiti	Gourd	10.105
Honduras Repub.	Lempira	4.06
Hong Kong (S)	H.K. $	9.7375
Hungary	Forint	(com) 73.66
		(Tnc) 41.58
Iceland (S)	I. Krona	651.6
India (S)	Ind. Rupee	16.427
Indonesia	Rupiah	1263.12
Iran	Ria	153.90
Iraq	Iraq Dinar	0.5941
Irish Republic (k)	Irish £	1.00
Israel	Israel £	39.091
Italy	Lira	1,697.5
Ivory Coast	C.F.A. Franc	430⅝
Jamaica (S)	Jamaica Dollar	3.4963
Japan	Yen	408.5
Jordan (S)	Jordan Dinar	0.588 (sg)
Kampuchea	Riel	2426.2
Kenya (S)	Kenya Shilling	15.085
Korea (Nth)	Won	1.76 (!)
Korea (Sth)	Won	974.78
Kuwait (Sth)	Kuwait Dina	0.552
Laos	Kip Pot Po	808.4
Lebanon	Lebanese £	6.5096
Lesotho	S. African Rand	1.7076
Liberia	Liberian $	2.0210
Libya	Libyan Dinar	0.5983
Liechtenstein	Swiss Franc	3.36
Luxembourg	Lux Franc	59.00
Macao	Pataca	10.0848
Madeira	Portug'se Escudo	96.00
Malagasy Republic	MG Franc	430⅝
Malawi (S)	Kwacha	1.6430
Malaysia (S)	Ringgit	4.4263
Maldive Islands (S)	Mal Rupee	7.9425
Mali Republic	Mali Franc	861.25
Malta (S)	Maltese £	0.7300
Martinique	Local Franc	8.6125
Mauritania	Ouguiya ‡	86.159
Mauritius (S)	M. Rupee	12.117
Mexico	Mexican Peso	46.00
Miquelon	C.F.A. Franc	430⅝
Monaco	French Franc	8.6125
Mongolia	Tugrik	(O) 5.867 (!)
Monserrat	E. Caribbean $	5.4617
Morocco	Dirham	7.82 (sg)
Mozambique	Moz. Escudo	65.096
Nauru	Australian Dollar	1.7900
Nepal	Nepalese Rupee	24.252
Netherlands	Guilder	4.035
Netherland Antilles	Antillian Guilder	3.6176
New Hebrides	Franc.	139.19
	Aust. Dollar	1.7900
New Zealand (S)	N. Z. Dollar	1.9155
Nicaragua	Cordoba	14.19
Niger Republic	C. F. A. Franc	430⅝
Nigeria (S)	Naira	1.273723 (sg)
Norway	Norway Krone	10.270
Oman Sultate of (S)	Rial Omani	0.696
Pakistan	Pakistan Rupee	19.94
Panama	Balboa	2.0210
Papua N. Guinea (S)	Kina	1.4170
Paraguay	Guarani	252.09
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.6902
Peru	Sol	exc (A) 413.57
Philippines	Philippine Peso	14.9089
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	1.9155
Poland	Zloty	(Cm) 62.74
		(T) 62.74
Portugal	Portugu'se Escudo	96.00
Port Timor	Timor Escudo	96.00
Principe Islands	Portugu'se Escudo	96.00
Puerto Rico	U.S. $	2.0210
Qatar (S)	Qatar Ryal	7.73
Reunion Ile de la	French Franc	8.6125
Rhodesia	Rhodesian $	1.4016
Romania	Leu	(Cm) 9.07
		(c/c) T24.35
Rwanda	Rwanda Franc	186.46
St. Christopher (S)	E. Caribbean $	5.4617
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.4617
St. Pierre	C.F.A Franc	430⅝
St. Vincent (S)	E. Caribbean $	5.4617
Salvador El	Colon	5.05
Samoa American	U.S. $	2.0210
San Marino	Italian Lire	1,697.5
Sao Tome	Portugese Escudo	96.0
Saudi Arabia	Ryal	6.76
Senegal	C.F.A. Franc	430⅝
Seychelles	S. Rupee	13.53
Sierra Leone (S)	Leone	2.1255
Singapore (S)	Singapore $	4.3788
Solomon Islands (S)	Solomon Is. $	1.7886
Somali Republic	Somali Shilling	(A) 12.722
South Africa (S)	Rand	1.7076
South West African Territories (S)	S. A. Rand	1.7076
Spain	Peseta	139.55
Spanish ports in North Africa	Peseta	139.55
Sri Lanka (S)	S. L. Rupee	31.0830
Sudan Republic	Sudan £	(A) 0.8084
Surinam	S. Guilder	3.6176
Swaziland (S)	Lilangeni	1.7076
Sweden	S. Krona	8.8025
Switzerland	Swiss Franc	3.36
Syria	Syria £	(A) 7.932
Taiwan	New Taiwan	(P) 72.756
Tanzania (S)	Tan. Shilling	16.60
Thailand	Baht	40.7125 (sg)
Togo Republic	C.F.A. Franc	430⅝
Tonga Islands (S)	Pa'anga	1.7886
Trinidad (S)	Trinidad & Tob' $	4.8504
Tunisia	Tunisian Dinar	0.790 (sg)
Turkey	Turkish Lira	50.10
Turkey & Cyprus	U.S. $	2.0210
Tuvalu	Australian $	1.7900
Uganda (S)	Uganda Shilling	14.73
United States	U.S. Dollar	2.0210
Uruguay	Uruguay Peso	(cm) 14.75
		(fn) 17.75
Utd. Arab Emirates	U.A.E. Dirham	7.73
U.S.S.R.	Rouble	1.32
Upper Volta	C.F.A. Franc	430⅝
Vatican	Italian Lire	1,679.5
Venezuela	Bolivar	8.67
Vietnam	Dong	(O) 4058
		(T) 4,039 (!)
Virgin Islands U.S.	U.S. Dollar	2.0210
Western Samoa (S)	Samoan Tala	1.4539
Yemen	Ryal	9.10 (sg)
Yugoslavia	New Y Dinar	37.3169
Zaire Republic	Zairwe	3.1194
Zambia	Kacha	1.575

* That part of the French community in Africa formerly of French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 84.882. ‖ Based on cross rates against Russian rouble. ** Rate is the Transfer market (controlled). †† Rate is now based on 2 Barbados £ to the dollar. ‡‡ Now one official rate. (U) Unified Rate. Applicable on all transactions, except countries having a bilateral agreement with Egypt, and are not members of IMF.

Pound remains very firm

Sterling remained very firm in the foreign exchange market yesterday, with its trade-weighted index, as calculated by the Bank of England finishing at the highest level since mid-March last year. It rose to 64.2 from 63.9 on Friday, and stood at 64.0 at noon and in early trading. The pound was also very strong against the dollar, rising 90 points to close at $2.0205-2.0215, the best level since January 8 this year. Sterling appreciated in only moderate trading however, and there was no indication of intervention by the Bank of England to limit the rise. It opened at $2.0150-2.0130, and remained within a general range of $2.0150-2.0170 for most of the day, before touching a high point of $2.0210-2.0220.



The dollar was generally soft, easing against other major currencies in moderate trading. There were no new factors influencing trading, but reports of an oil price rise by Venezuela tended to depress the U.S. currency. It finished at DM 1.8460 against the D-mark, compared with DM 1.8500 on Friday, after trading within a narrow range of DM 1.8435 to DM 1.8520. The dollar also declined in terms of the Swiss franc, closing at SwFr 1.6617½, compared with *SwFr 1.6712½ on Friday.* The yen was generally rather weak, trading between Y201.60 and Y202.25 against the dollar, and closing at Y201.85, compared with Y201.40 previously. No central bank intervention was noted during the day.

NEW YORK — The dollar tended to ease in quiet early trading on reports that Venezuela is to raise prices for heavy heating oil by around 15 per cent. Uncertainty in Iran and Vietnam also weakened the U.S. currency. The U.S. trade figures are due for publication tomorrow, with market estimates of the January deficit ranging between $1.6bn and $2.6bn.

PARIS — The dollar eased throughout the day in thin trading, closing at its lowest level of the day against the French franc at FFr 4.2825, compared with FFr 4.2730 in early trading, and FFr 4.2740 late Friday. Continued international tension was suggested as the probable reason behind the dollar's fall. Sterling was firm, finishing at FFr 8.6155, compared with FFr 8.5900 on Friday. The D-mark and Swiss franc also gained ground against the franc.

FRANKFURT — There was not sign of central bank intervention during quiet early trading, and the Bundesbank did not intervene when the dollar was fixed at DM 1.8495, compared with DM 1.8522 on Friday. Reports that Venezuela is to follow other oil producers in raising its export prices, and fears that U.S. inflation will not fall in 1979 tended to push the dollar down.

ZURICH — The dollar was steady in quiet trading with the rise of 0.9 per cent in the U.S. consumer price index for January in line with market expectations. The U.S. currency showed little change at SwFr 1.6690 against the Swiss franc by mid-morning, from an early rate of SwFr 1.6695, but eased to SwFr 1.6610 by late afternoon.

TOKYO — The dollar gained ground in quiet trading, closing at Y202.05 against the yen, compared with Y200.97½ on Friday. Trading was within a narrow band, mostly between Y201.85 and Y201.95, before the U.S. currency improved further

THE POUND SPOT AND FORWARD

Feb. 26	Day's spread	Close	One month	p.a. %	Three months	p.a. %
U.S.	2.0120-2.0220	2.0205-2.0215	0.37-0.27c pm	1.90	[illegible]	[illegible]
Canada	2.4110-2.4230	2.4190-2.4200	0.50-0.40c pm	2.22	[illegible]	[illegible]
Nethlnd.	4.01-4.04	4.03-4.04	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	30-20c pm	[illegible]	[illegible]	[illegible]
Denmark	10.33-10.38	10.37-10.38	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	3.71-3.74	3.73-3.74	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	1 lire pm-1 lire dis	[illegible]	[illegible]	par
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	403-413	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]; 12-month [illegible].

THE DOLLAR SPOT AND FORWARD

Feb. 26	Day's spread	Close	One month	p.a. %	Three months	p.a. %
UK†	2.0120-2.0220	2.0205-2.0215	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† U.S. cents per Canadian $.

CURRENCY RATES

February 26	Bank rate %	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	0.641150	0.674021
U.S. $	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]
Belgian F	6	[illegible]	[illegible]
Danish K	8	[illegible]	[illegible]
D mark	3	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Norwgn. K	7	[illegible]	[illegible]
Spanish Pes.	8	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Swiss Fr.	1	[illegible]	[illegible]

CURRENCY MOVEMENTS

February 26	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Feb. 26	£	$		Note Rates
Argentina Peso	2204-2224	1090-1100	Austria	[illegible]
Australia Dollar	1.7880-1.7920	[illegible]	Belgium	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	72.478-74.246	35.86-36.74	Germany	3.65-3.7[illegible]
Hong Kong Dollar	9.730-9.745	4.8144-4.8219	Italy	1,660-1,71[illegible]
Iran Rial	148.90-158.90	74.79	Japan	402-41[illegible]
Kuwait Dinar (KD)	0.547-0.557	0.2707-0.2756	Netherlands	3.95-4.0[illegible]
Luxembourg Frc.	58.95-59.05	29.18-29.21	Norway	10.18-10.[illegible]
Malaysia Dollar	4.4200-4.4335	2.1870-2.1952	Portugal	90-9[illegible]
New Zealand Dlr.	1.9125-1.9185	0.9463-0.9493	Spain	139-144
Saudi Arab. Riyal	6.71-6.81	3.3201-3.3696	Switzerland	3.30-3.4[illegible]
Singapore Dollar	4.3725-4.3850	2.1656-2.1696	United States	2.0050-2.0[illegible]
Sth. African Rand	1.69825-1.71982	0.8393-0.8506	Yugoslavia	40.5-42.5

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Feb. 26	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.021	3.733	408.5	8.613	3.360	4.035	1698.	2.420	59.00
U.S. Dollar	0.495	1.	1.847	202.1	4.262	1.663	1.997	839.9	1.197	29.19
Deutsche mark	0.268	0.541	1.	109.4	2.307	0.900	1.081	454.8	0.648	15.81
Japanese Yen 1,000	2.448	4.947	9.137	1000.	21.08	8.225	9.878	4155.	5.923	144.4
French Franc 10	1.161	2.347	4.334	474.3	10.	3.901	4.685	1971	2.809	68.51
Swiss Franc	0.298	0.601	1.111	121.6	2.563	1.	1.201	505.2	0.720	17.56
Dutch Guilder	0.248	0.501	0.925	101.2	2.134	0.833	1.	420.7	0.600	14.62
Italian Lira 1,000	0.589	1.191	2.199	240.6	5.074	1.979	2.377	1000.	1.425	34.76
Canadian Dollar	0.413	0.835	1.543	168.8	3.563	1.389	1.668	701.6	1.	24.38
Belgian Franc 100	1.695	3.425	6.326	692.4	14.60	5.695	6.839	2877.	4.101	100.

EURO-CURRENCY INTEREST RATES

Feb. 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	13½-14	10-10¼	8¾-9¾	7-7¼	par-⅛	3⅞-4⅛	6⅝-6⅞	7-10	—	2⅛-3⅛
7 day's notice	13⅝-13¾	10⅛-10⅜	8¾-9¾	6¼-6½	⅛-¼	3½-4	6⅝-6⅞	10-11	10⅛-10⅜	2⅜-3⅛
Month	13-13⅜	11-11¼	10⅜-10¾	6⅞-7⅛	⅛-⅜	3½-3¾	7-7¼	11½-12½	10⅛-10⅜	3⅛-4⅛
Three months	12⅞-13⅛	10⅞-11⅛	10⅛-10⅜	6⅞-7⅛	¼-½	3⅞-4	7½-8	12-13	10⅞-11	3⅞-4⅛
Six months	12⅞-13⅛	11⅜-11⅝	10⅝-11	6¾-7	⅜-⅝	4⅛-4¼	8⅛-8⅜	12⅛-13½	11⅛-11½	4¼-4½
One year	12⅞-13⅛	11⅛-11⅜	10⅝-11	6⅞-7⅛	⅝-⅞	4⅛-4⅜	9-9¼	13-14	11¼-11⅝	4⅛-4⅜

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.40-10.50 per cent; three months 10.70-10.80 per cent; six months 11.05-11.15 per cent; one year 10.95-11.05 per cent.

Long-term Eurodollar deposits: two years 10¼-10½ per cent; three years 10¼-10⅜ per cent; four years 10⅛-10⅜ per cent; five years 10⅛-10⅜ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgian rates fall again

The Belgian National Bank cut the rates on short-term Treasury Certificates yesterday, for the fourth time this year. The one-month rate was reduced to 7.50 per cent from 7.75 per cent; two-month to 7.75 per cent from 8 per cent; and three-month to 7.90 per cent from 8.15 per cent.

Previous cuts have sometimes heralded an easing of credit conditions. A reduction in Treasury certificate rates on January 29 was followed by a fall in the central bank Lombard rate, and the discount rate on "B" quota loans on January 31. No further moves followed the cut in rates on Monday of last week, although there was some speculation that another easing of credit may follow.

Pressure eased on the Belgian franc in the middle of last October, following a revaluation of the D-mark against the other members of the European currency snake. This led to a fall in Belgian interest rates, but rates increased once again in December on fears that the German currency may rise further before the introduction of the European Monetary System.

Chancellor Helmut Schmidt has said that he hopes the EMS can take effect within a matter of weeks, but at the moment the authorities in Brussels seem happy with the situation and the health of the Belgian franc. The franc/D-mark cross rate was BFr 6.3385 yesterday, well *within the central bank intervention points* of BFr 6.2210 and BFr 6.5080.

Deposit rates for the Belgian franc were slightly firmer at 7⅞-8⅛ per cent for one-month compared with 7⅞-8 per cent on Friday; and 8-8⅛ per cent, compared with 7⅞-8⅛ per cent for three-month. Six month and 12 month money were unchanged at 8⅛-8⅜ per cent and 8¼-8½ per cent respectively.

FRANKFURT — Call money rose to 3.95-4.05 per cent from 3.90-4.00 per cent; and one-month to 3.90-4.00 per cent from 3.80-3.90 per cent. Three-month money was unchanged at 4.10-4.20 per cent; while six-month was quoted at 4.20-4.40 per cent, compared with 4.20-4.30 per cent; and 12-month firmed to 4.90-5.10 per cent from 4.80-5.00 per cent.

PARIS — Day-to-day money eased to 6⅛ per cent from 6 5/16 per cent. One-month fell to 6⅝-6¾ per cent from 6⅞-7 per cent, while three-month was unchanged at 7-7¼ per cent; and six-month at 7¼-7½ per cent. 12-month funds eased to 7⅜-7⅝ per cent from 7 7/16-7 11/16 per cent.

SINGAPORE — The United Overseas Bank Group became the second of the "big four" Singapore banks to raise its prime rate to 7¾ per cent from 7½ per cent. The Development Bank of Singapore made a similar move last week. The Overseas Chinese Banking Corporation, and the Overseas Union Bank — the other two major banks — have so far maintained their prime rates at 7½ per cent. Many foreign banks have raised prime rates to 8 per cent and more, reflecting increasing loan demand which has been rising at a faster pace than growth in deposits.

GOLD

Weaker trend

Gold fell $3⅜ to close at $247¾-248⅛. It opened at $250¼-251, but then declined, possibly reflecting fears of an increase in the amount of gold auctioned by the U.S. Treasury each month. The metal was fixed at $250.30, and declined to $248.60 in the afternoon. Trading was very quiet in the morning, but picked up in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 34,100 per kilo ($248.50 per ounce) in the afternoon, compared with FFr 34,100 (248.61) in the morning, and FFr 34,450 ($250.67) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 14,875 per kilo ($250.30 per ounce), compared with DM 15,015 ($252.10) previously.

	February 26	February 23
Gold Bullion (fine ounce)		
Close	$247¾-248⅛	$251½-252¼
Opening	$250¼-251	$252¼-253¼
Morning fixing	$250.30 (£124.126)	$252.10 (£125.425)
Afternoon fixing	$248.60 (£122.986)	$251.00 (£124.875)
Gold Coins, domestically		
Krugerrand	$283⅛-287⅛ (£140¼-142¼)	$283½-285½ (£141-143)
New Sovereigns	$70¼-72¼ (£35-36)	$70½-72½ (£35-36)
Old Sovereigns	$74-76 (£36¾-37¾)	$74-76 (£36¾-37¾)
Gold Coins, internationally		
Krugerrand	$255-257 (£126½-127½)	$259-261 (£128¾-129)
New Sovereigns	$65-67 (£32¼-33¼)	$66-67 (£32¼-35¼)
Old Sovereigns	$74-76 (£36¾-37¾)	$74-76 (£36¾-37¾)
$20 Eagles	$317-322	$318-323
$10 Eagles	$174-179	$175-180
$5 Eagles	$120-125	$120-125

UK MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 14 per cent (since February 8, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave an exceptionally large amount of assistance by buying a small number of Treasury bills, and a small amount of local authority bills from the discount houses, and by lending an exceptionally large amount to six or seven houses, overnight at Bank of England Minimum Lending Rate of 14 per cent.

Banks brought forward moderate surplus balances from Friday, there was a fairly large excess of Government disbursements over revenue payments to the Exchequer, small net maturing Treasury bills, and very large refunds of excess subscription money returned to applicants for last week's issues of gilt-edged stock.

On the other hand, repayments were made of the exceptionally large amount lent to the market last Friday, and there was also a moderate rise in the note circulation.

Discount houses paid around 14 per cent for secured call loans in the early part, with closing balances taken at 11-12 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Feb. 26 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13½-15	—	—	—	—	—	—	—	—
2 days notice	—	—	13½	—	—	—	11-14	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13½-13¾	13¾	—	13⅞	14	13¼	—	—	—
One month	13¼-13⅛	13¼-13⅜	13½	13¼-13⅜	13¾	14	12⅞	12¼-12⅛	13-13¼	13⅞
Two months	13-12⅞	13⅛-13	—	12⅞-13	13⅝	13½	12⅝	12¼-12	12¾	13¾
Three months	12¾-12⅝	12¾-12⅝	13⅛	12⅞-12⅞	13¼	—	12⅜	12⅛-12	12⅝	13⅛
Six months	12⅝-12½	12⅝-12½	12⅝	12⅝	13	—	—	—	11⅝	13
Nine months	12-11⅞	12⅛-12	—	12⅝	12½	—	—	—	—	—
One year	11⅞-11⅝	12⅛-12	12½	12	12½	—	—	—	—	—
Two years	—	—	12⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. "Long-term local authority mortgage rates nominally three years 12⅞ per cent; four years 13 per cent; five years 13-13⅛ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅛ per cent; four-month trade bills 13 per cent.

Approximate selling rates for one-month Treasury bills 11 29/32 per cent; two-month 12⅛ per cent; three months 11 31/32 per cent. Approximate selling rate for one-month bank bills 13⅛ per cent; two-month 12⅞ per cent; and three-month 12⅝ per cent; one-month trade bills 13¾ per cent; two-month 13⅜ per cent; and three-month 13 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from February 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Rates for lending 13½ per cent. Treasury Bills: Average tender rates of discount 12.2281 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed Funds	10.0625
Treasury Bills (13-week)	9.40
Treasury Bills (26-week)	9.52
GERMANY	
Discount Rate	3
Overnight Rate	4.00
One month	3.95
Three months	4.15
Six months	4.30
FRANCE	
Discount Rate	9.5
Overnight Rate	6.5
One month	6.8125
Three months	7.0625
Six months	7.3125
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.625

APPOINTMENTS

Mr. A. L. Campbell, chairman and chief executive of ESSO CORPORATION, is to retire on March 31 to devote more time to his family and to develop other business interests. Mr. Campbell joined Esso Petroleum in 1947. Following senior management positions as chairman of Cleveland Petroleum and general manager of Dart Oil, he was made director of marketing in April 1969, an appointment he held until October last year when he took over his present posts pending retirement.

★

Mr. N. Harding has been appointed financial director of RAPID RECALL.

★

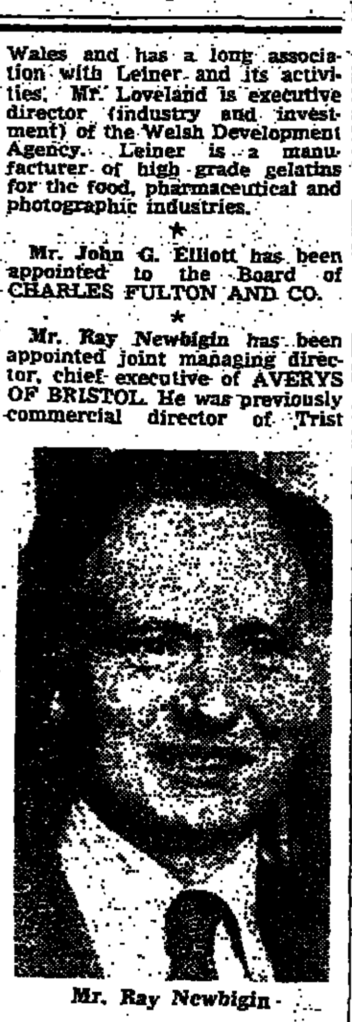
A former Nottinghamshire County Council assistant treasurer, Mr. R. Prentice, has been appointed chief executive of LINCOLNSHIRE COUNTY COUNCIL.

★

Mr. Leslie Grainger is to retire as chairman of NCB (IEA SERVICES) on March 31, but will continue as an adviser to NCB (Coal products).

★

WM. MORRISON SUPERMARKETS, Bradford-based trading group, has appointed three executives to the Board. Mr. D. Culling has been made grocery buying director from senior grocery buyer; Mr. K. Ainsworth becomes lifestyle and marketing director from marketing manager; and Mr. R. Owen has been appointed property management director from estates manager.



Mr. Ray Newbigin

★

Mr. Hugh E. Hunter-Jones has been appointed a member of the committee of management of the PENSION FUND AGRICULTURAL UNIT TRUST, one of the funds in the Property Unit Trusts Group. Mr. Hunter-Jones is chairman of the Hotel and Catering Industry Training Board.

★

Mr. Geoffrey Marshall has been appointed group managing director of the BALLY GROUP (UK), succeeding Mr. J. V. H. Mims.

★

Mr. D. A. Johnson has been appointed to the Board of DRAKE SECURITIES. He heads the Midlands based property and construction group as managing director of the housing subsidiaries in 1975.

★

Mr. F. C. Davies has been appointed sales director of OLYMPIA BUSINESS MACHINES COMPANY.

★

Following the recent capital reconstruction with a £2m investment by the Welsh Development Agency, the board of P. LEINER AND SONS has been joined by Mr. Thomas of Remenham as deputy chairman and Mr. T. J. Loveland as group chief executive. Mr. E. A. Osman retires as deputy chairman and chief executive but continues in a consultative capacity. Lord Thomas was former chairman of the Welsh Development Corporation and

Wales and has a long association with Leiner and its activities. Mr. Loveland is executive director (industry and investment) of the Welsh Development Agency. Leiner is a manufacturer of high grade gelatins for the food, pharmaceutical and photographic industries.

★

Mr. John G. Elliott has been appointed to the Board of CHARLES FULTON AND CO.

★

Mr. Ray Newbigin has been appointed joint managing director, chief executive of AVERYS OF BRISTOL. He was previously commercial director of Trist Draper. Other Board changes at Averys are former managing director Mr. John Avery to executive chairman, and Mr. Joe Naughalty as joint managing director, sales and marketing. Mr. W. E. Newton has retired from the Board.

★

Mr. Peter E. Moody has been re-elected president of the INSTITUTE OF ACTUARIES. Other honorary officers elected for 1979-80 are: Mr. C. S. S. Lyon, Mr. E. A. Johnston, Mr. F. P. Corby and Mr. M. H. Field, vice-presidents; Mr. M. J. Burns, treasurer; and Mr. E. B. O. Sherlock and Mr. F. R. Wales, secretaries.

★

Mr. Brian O'Donoghue, managing director of RSO RECORDS UK division, has resigned to set up his own operation. Mr. Mike Hutson will take over that position in addition to his present post as managing director of RSO Records International division and he will be based in London.

★

Mr. J. E. McGee has been appointed joint managing director of EASTERBROOK ALLCARD AND COMPANY.

★

Mr. R. L. Patterson is to become deputy chairman of STERLING GUARDS from March 26 and will be succeeded as managing director by Mr. D. C. Gorer, at present a director and general manager.

CONTRACTS

Marconi wins £20m order

MARCONI SPACE and Defence Systems at Hillend, near Dunfermline, has won a £20m order for radios from the Defence Ministry.

The company, part of the GEC-Marconi Electronics group, said the radios would be used in Army vehicles in the 1980s.

Mr. Malcolm James, general manager at Hillend, said: "This contract will employ 600 people for the next few years. We already employ 2,400 people at Hillend but we are still looking for more engineers and technicians."

★

LINER, Gateshead, has a contract to supply the British Army and the Royal Air Force with Giraffe 342 telescopic handling forklift trucks. The order is for 92 machines, at a total value of over £600,000. In service, the trucks will be mainly used in depots, handling palletised loads of ammunition and other military materials. With 4-wheel drive and steer and the 6-gear transmission, they are capable of operating in rough terrain for logistic support of forward units. These machines will lift a standard NATO pallet of 4,000 lb to a height of over 20 ft and place it more than 8 ft forward of the machine.

★

COWANS SHELDON, part of NEI Clarke Chapman Cranes, has an order worth more than £500,000 for the supply of a rail breakdown crane and spare parts to the Tanzania Railway Corporation. It is a diesel/hydraulic type incorporating telescopic jib, manual safe load indicator, main and auxiliary hoists, detachable relieving bogies and hydraulic outriggers. Designed to operate in arduous railway conditions it is capable of an in-train travelling speed of 64 km/h on 1 metre gauge and conversion for operation on 3 ft 6 in gauge at a later date.

★

For the Kent Area water pumping scheme, the Thames Water Authority has ordered a £170,000 advanced telemetry and computer control system from ATS TELEMETRY, Haywards Heath. Installation is scheduled for July.

★

Equipment for both kitchens for the new Queen Alia International Airport, Jordan, will be supplied by HORWOOD CATERING EQUIPMENT (EXPORT), Upton Park, London, under a contract worth nearly £300,000 awarded by the General Enterprise Company of Amman.

★

British Celanese has placed an order with SALEM ENGINEERING COMPANY, Milford, Derby, for a cracking furnace plant worth about £125,000.

★

I. J. Green and Co. has ordered a £106,000 computer from HONEYWELL for installation at its head office in May. As well as a 265K words central processor, the new system will include two 80-megabyte disk storage units, two tape drives, a 300 cards-per-minute reader, a 300 lines-per-minute printer and two visual display units.

★

DORMOBILE, Folkestone-based specialist body-builders, is to supply the Post Office with 97 general purpose telecommunication vans with crew cabs based on the 4-ton Leyland Boxer van. This contract is valued at more than £500,000.

★

RAMCHESTER has won a £1¼m contract for refurnishing work at the Heathrow Sheraton Hotel.

★

A £4m order for FORD commercial vehicles has been placed with Ford truck specialist dealer, Hanger Trucks, Birmingham, by the Securicor group. The order includes 618 long wheelbase Transit 190 vans and 263 D-Series. All trucks will be bodied by Bedwas Bodybuilders at depots in Gwent and Lancashire. Securicor has placed a further order valued at £3m for 180 short wheelbase Transit 130 vans, 257 Escort vans and 280 cars with Chiswick Garage, London W4. The vehicles will be used in the expansion of Securicor's specialised parcels business as well as the cash and bullion transfer service.

★

THE ALFA-LAVAL COMPANY has orders valued at £500,000 for the supply of buttermaking equipment to two Milk Marketing Board plants. At Alfreton the MMB are replacing existing equipment with a new buttermaker to increase production capacity from 2,500 kg/hr to 3,000 kg/hr. and are introducing a butter transfer system. The second order is part of a major butter expansion at Crudgington. It comprises two 4,000 kg/hr butter-makers and two butter transfer systems feeding three moulding and wrapping machines and a new Contecub bulk packer.

★

The Post Office has placed nearly £4m-worth of orders for telephone equipment with PLESSEY COMMUNICATIONS AND DATA SYSTEMS, Beeston, Nottingham. The orders, part of the annual buying programme, include 23,250 10-line and 11,800 20-line key-and-lamp systems and 350 private automatic branch exchanges (PABXs) with five exchange lines and 20 extensions. Also included is an order for two Strowger tandem PABXs for use at RAF Waddington and RAF High Wycombe.

★

The new TL11 truck engine range from Leyland is turbo-charged by HOLSET ENGINEERING COMPANY, Huddersfield, and the deal, according to Holset, will be worth £750,000 over the next two years. The new engines have been designed for Leyland's Bison, Buffalo, Lynx and Octopus vehicles, and in turbo-charged form will produce power ratings from 150 to 250 hp.

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Please reply to Box G.3435, Financial Times, 10 Cannon Street, EC4P 4BY.

BUSINESSES WANTED

WANTED

Companies/Businesses

in Central/South London, Surrey and Birmingham, with sales between £25,000 and £500,000, are wanted by rapidly expanding private company.

Purchase of whole or part of equity considered for the following activities: Retail Stationery, Litho/Thermo Printing, Publishing, Law Agency, Finance/Leasing.

All replies treated in strictest confidence. Write to Managing Director, Services to Lawyers Limited, Sardinia House, 52 Lincolns Inn Fields, London, WC2A 3LZ.

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A precision engineering company, preferably based south of London, required with a turnover of £50,000-£500,000.

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Please reply to
The Chairman, 157 Sloane Street, London S.W.1

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A Public Company with considerable sales expertise wishes to acquire a majority interest in a manufacturer of air conditioning equipment.
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A specialist sub-contractor in the *Civil Engineering field is seeking to* extend its activities by the acquisition of a Specialist Plant Hire Company. Ideally looking for
Existing Management to remain
Turnover under £1 Million
Within 50 miles radius of Reading
Underutilized yard
Principals only
Replies invited to Box G 3427, Financial Times, 10, Cannon Street, London EC4P 4BY

MIDLAND BASED GROUP
are seeking profitable medium-sized
ENGINEERING COMPANIES
who are users of steel.
Reply in complete confidence to Box G.3436, Financial Times, 10, Cannon Street, EC4P 4BY.

WORLD STOCK MARKETS

Wall St. slightly easier in slow early trade

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—92½% (92%)
Effective $2.0210 49⅞% (48½%)

CONTINUED CONCERN about interest rates and depressing international news kept Wall Street easier-inclined yesterday morning in further slow trading.

The Dow Jones Industrial Average lost 1.81 more to 821.47 at 1 pm. while the NYSE All Common Index was 4 cents lower

Closing prices and market reports were not available for this edition.

at $54.84 and declines led gaining issues by about a six-to-five margin. Turnover amounted to 14.70m shares, against last Friday's 1 pm level of 15.24m.

Analysts said that domestically, the main concern among investors is the fear of spiralling interest rates, while worries over higher oil prices and the China-Vietnam conflict are also keeping investors out of the market.

Reports that Venezuela is raising its fuel oil prices by between $2.10 and $2.51 a barrel from March 1 helped to dampen market interest.

Gaming stocks strengthened against the trend. Caesar's World gained 4⅛ to $43½, Bally Manufacturing $2⅛ to $61, active Ramada Inns $⅞ to $11¼ and Harrah's $1 to $23⅞.

Iroquois Brands lost $¼ to $28⅞ despite reporting higher earnings.

Boeing shed $½ to $65½. Iran said that it will probably drop *options on five Boeing 747* jumbo jets.

Dr. Pepper were off $⅛ at $14½ despite higher earnings for the fourth-quarter. The company also announced that it is seeking other companies for acquisition this year.

THE AMERICAN SE Market Value Index was 0.08 firmer at 162.63 at 1 p.m., but losses outscored rises on the exchange by a near two-to-one ratio. Volume was down to 1.35m shares from Friday's 1 p.m. figure of 2.09m.

Most active Amex issue Polychrome jumped 9½ to $23.

Trading in Resorts International is still halted. A decision on the company's application for a permanent casino licence is expected to be made later in the day by New Jersey authorities.

Canada

Share prices were mixed with a slight bias to higher levels at midday yesterday after reduced but fairly active trading.

The Toronto Composite Index was a marginal 0.6 harder at 1,393.4 at noon, while Papers gained 1.01 at 160.83 and Oils and Gas 1.7 at 1,976.0. Golds, in contrast, retreated 18.0 to 1,598.8, while Banks shed 0.43 to 311.68.

The Real Estate index climbed nearly 59 points as Daon Development rose 1¼ to C$11⅛, Trizec C$1 to C$20¼, and Nu-West "A" ¼ to C$16¼.

Brascan "A," the most active Toronto isue, put on ⅜ to C$21½ on 122,383 shares. The company, which denied last week that it is seeking control of Hudson's Bay Oil and Gas, is itself the subject of speculation concerning a possible takeover bid.

Tokyo

After early firmness, the market reacted to record mixed movements on balance. Trading was limited, with investors mainly staying on the sidelines in the absence of fresh market factors. The Nikkei-Dow Jones Average was just 0.88 up on the day at 6,089.12, while volume came to 180m shares, compared with last Friday's 210m.

Non-ferrous Metals, on anticipated good earnings prospects, found support, while there was selective buying in Electricals. Dowa Mining rose Y6 to Y256, Nippon Mining Y2 to Y170, Victor Y40 to Y1,140 and Mitsumi Y6 to Y546.

Oils rose initially, but closed lower on the day after buying spent its force.

Germany

Generally modest gains occurred in very light holiday trading. Dealers said trading was almost at a standstill, with banks and businesses closed in many parts of West Germany because of carnival celebrations. The Commerzbank index was unavailable due to the holiday.

Electricals provided some of the best performing stocks, with Brown Boveri adding DM 4, Siemens DM 2 and Varta DM 1.

Among Machine Manufacturers, Mannesmann gained DM 1 and GHH DM 1.20.

Deutsche Bank rose DM 1.50, but Bayerische Vereinsbank declined DM 2.

Ruetgerswerke climbed DM 1.50 in Chemicals, while in Stores, Karstadt were similarly higher.

On the Domestic Bond Market, Public Authority issues continued to stabilise with gains of up to 15 pfennigs being recorded. The Regulating Authorities were able to sell DM 29.6m nominal of paper in Frankfurt, against DM 6.5m sales last Friday. Mark Foreign Loans, however, were lower.

Paris

Bourse prices mainly gained ground in a moderately active session. Brokers said the market had reacted favourably to last Friday's announcement of a 0.9 per cent increase in French *retail prices. A rise of more* than 1 per cent had generally been expected.

Despite the labour unrest in the French steel industry, Metal shares were practically all firmer, with brokers unable to explain the paradoxical movement. Some hesitation was observed among Banks, Foods and Stores, however.

Aquitaine advanced 12 to FFr 459, Dumez 14 to FFr 521, Michelin "B" 22 to FFr 1,022, Poclain 4.5 to FFr 152.5 and Telemecanique 11 to FFr 740.

Beghin-Say, however, shed 30 centimes to FFr 125.20 despite announcing a rise in 1978 turnover.

Switzerland

Shares continued to slip back on reduced volume, with the Swiss Bank Corporation Industrials index receding 3.2 to 315.5.

A trend of investors moving out of an earlier "overbought" stock market, because of a declining bond market, was cited by dealers as one major factor for the now four-day-old downtrend. One dealer noted that as bond prices were falling and future coupon rates were expected to be set higher, stock yields were becoming less attractive.

Ciba-Geigy lost 35 to SwFr 1,255, Nestle Bearer 40 to SwFr 3,530, Alusuisse 35 to SwFr 1,395 and Oerlikon Buehrle 30 to SwFr 2,550.

Among Banks, Union Bank shed 20 to SwFr 3,290 and Credit Suisse 25 to SwFr 2,335.

Domestic and Foreign Bonds retreated over a broad front.

Amsterdam

Market was easier-inclined, although Dutch Internationals were steady to firmer, with Royal Dutch rising Fl 1.00.

Elsewhere, however, Algemene Bank Nederland fell Fl 8.50 to Fl 352 following its announcement of a one-for-ten rights issue at Fl 280 per share.

Hong Kong

A firmer tendency prevailed yesterday in quiet trading, sentiment helped by China's statement that it plans no move into the Vietnamese flatlands. However, the low turnover partly reflected investor caution ahead of tomorrow's Hong Kong Budget. The Hang Seng index, after falling 9.29 last Friday, rallied 4.51 to 511.17.

Hongkong Bank gained 40 cents to HK$18.10 after news that it has completed the sale of its Hongkong Bank of California subsidiary to the Central Bank of Oakland.

Jardine Matheson held steady at HK$11.40, while *Hongkong Land and Hongkong Electric* each added 10 cents at HK$7.50 and HK$5.45 respectively.

Sun Hung Kai Securities gained 2 cents to HK$1.90 ahead of 1978 results, but Hang Seng Bank, despite higher profits, lost HK$1 to HK$194.

Australia

With markets lacking fresh Overseas orders, stocks showed no clear trend yesterday in subdued trading.

However, EZ Industries provided a bright feature, advancing 20 cents to A$3.45 ahead of interim results, due this week, *which are expected to show a significant improvement because of higher zinc prices after the* A$685,000 loss in the previous year's first half.

Diamond exploration issue Audimco rose 4 cents to 57 cents on the strength of a promising diamond find on the company's Copeton prospect.

Peko-Wallsend put on 4 cents to A$5.84, but elsewhere in the Uraniums sector, Queensland Mines retreated 40 cents to A$2.95.

Central Norseman Gold, A$23.50, relinquished 50 cents of its recent advance, while Western Mining shed 5 cents to A$2.15.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
φ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Feb 23	Feb. 22
Abbott Labs	31	31⅝
AM International	17¼	17⅜
Adobe Oil & Gas	20⅝	21
Aetna Life & Ca.	41¼	40½
Airproducts	26¼	26¼
Alcan Aluminium	36⅝	36⅝
Alcoa	52⅛	52½
Corning Glass	53½	53⅝
CPC Int'rnationa	51½	51½
Crane Natl	29⅜	29½
Crocker	26⅛	27¼
Crown Zellerb'h.	34⅜	34
Cummins Engine	34¼	35
Curtiss Wright	14⅞	14¾
Dana	28	28
Johns Manville	23½	23⅛
Johnson Johnson	68	67⅞
Johnson Control.	28¾	28⅜
Joy Manufacturg	30⅜	30⅜
K. Mar Corp	23½	23⅛
Kaiser Alumini'm	19	19
Kaiser Industries	2¼	2¼
Kaiser Steel	24½	23⅞
Kaneb Services	14⅞	15
Kay	14⅝	14⅝
Revlon	48¾	49⅝
Reynolds Metals	35⅜	36
Reynolds R.J.	55⅜	56¼
Rich'son Merrell	22⅜	22¾
Rockwell Inter.	36¼	36⅜
Rohm & Haas	34¼	34¾
Royal Dutch	63⅝	63⅜
RTE	10⅜	10¾
Ross Togs	10⅛	10⅛
Woolworth	19¾	19¾
Wyly	4⅝	4½
Xerox	56⅝	56⅞
Zapata	13⅝	13½
Zenith Radio	13⅞	14⅜
U.S. Treas.4% '80	†95⅛	†95½
USTreas4¼%75/85	†78⅞	†78⅞
U.S. 90-day bills	9.41%	9.38%
[illegible]	[illegible]	[illegible]

CANADA

Stock	Feb 23	Feb 22
[illegible]	[illegible]	[illegible]

GERMANY ◆

Feb. 26	Price DM.	+ or −	Div. %	Yld %
AEG	66.4	−0.4	—	—
Allianz Versich.	486	....	31.2	3.2
BMW	226	+0.5	28.12	6.2
BASF	135	+0.9	18.76	7.0
Bayer	136.5	+0.4	18.75	6.9
Bayer.Hypo	277.5	+0.4	28.12	5.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

Feb. 26	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	351	....	14	2.0
Canon	525	−3	12	1.1
Casio	859	+9	25	1.4
Chinon	370	....	20	2.7
Dai NipponPrint	555	+8	18	1.6
Fuji Photo	662	−2	15	1.1
Hitachi	259	+1	12	2.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo

AMSTERDAM

Feb. 26	Price Fls.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRUSSELS/LUXEMBOURG

Feb. 26	Price Frs.	+ or −	Div. Net	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPENHAGEN ♣

Feb. 26	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

Feb. 26	Price %	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND ●

Feb. 26	Price Frs.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

Feb. 26	Price Lire	+ or −	Div. Lire	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AUSTRALIA

Feb. 26	Aust. $	+ or −
[illegible]	[illegible]	[illegible]

PARIS

Feb. 26	Price Frs.	+ or −	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRAZIL

Feb. 23	Price Cruz	+ or −	Cruz Div.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Turnover Cr. 168.9m. Volume 111.7m.
Source: Rio de Janeiro SE.

Indices

NEW YORK — DOW JONES

	Feb. 23	Feb. 22	Feb. 21	Feb. 20	Feb. 16	Feb. 15	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
◆ Industr'ls	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H'me B'nds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transport	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trading vol 000's	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				

◆ Day's high 828.83 low 819.90

STANDARD AND POORS

	Feb. 23	Feb. 22	Feb. 21	Feb. 20	Feb. 16	Feb. 15	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
‡Indus'ls	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§Composite	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

N.Y.S.E. ALL COMMON

Feb. 23	Feb. 22	Feb. 21	Feb. 20	1978-79 High	1978-79 Low
54.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONTREAL / TORONTO / JOHANNESBURG

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Pre-vious	1978-79 High	1978-79 Low
Australia	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]
Germany	[illegible]	[illegible]	[illegible]
Holland	[illegible]	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]
Singapore	[illegible]	[illegible]	[illegible]

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
[illegible]	[illegible]	[illegible]	[illegible]

STOCKHOLM

Feb. 26	Price Kronor	+ or −	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OSLO

Feb. 26	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JOHANNESBURG

MINES

February 26	Rand	+ or −
[illegible]	[illegible]	[illegible]

INDUSTRIALS

	Rand	+ or −
[illegible]	[illegible]	[illegible]

Financial Rand U.S.$0.68
(Discount of 41.9%)

SPAIN ♥

February 22	Per cent	+ or −
[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS 1480

BASE LENDING RATES

A.B.N. Bank	13½%
Allied Irish Banks Ltd.	13½%
Amro Bank	13½%
American Express Bk.	13½%
A P Bank Ltd.	13½%
Henry Ansbacher	13½%
Associates Cap. Corp.	13½%
Banco de Bilbao	13½%
Bank of Credit & Cmce.	13½%
Bank of Cyprus	13½%
Bank of N.S.W.	13½%
Banque Belge Ltd.	13½%
Banque du Rhone et de la Tamise S.A.	14 %
Barclays Bank	13½%
Bremar Holdings Ltd.	14½%
Brit. Bank of Mid. East	13½%
■ Brown Shipley	13½%
Canada Perm't Trust	13½%
Cayzer Ltd.	13½%
Cedar Holdings	13½%
■ Charterhouse Japhet	13½%
Choulartons	13½%
C. E. Coates	13½%
Consolidated Credits	13½%
Co-operative Bank	*13½%
Corinthian Securities	13½%
Credit Lyonnais	13½%
Duncan Lawrie	13½%
The Cyprus Popular Bk.	13½%
Eagil Trust	13½%
English Transcont.	13½%
First Nat. Fin. Corp.	14½%
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	13½%
Greyhound Guaranty	13½%
Grindlays Bank	‡13½%
■ Guinness Mahon	13½%
■ Hambros Bank	13½%
■ Hill Samuel	§13½%
C. Hoare & Co.	†13½%
Julian S. Hodge	14½%
Hongkong & Shanghai	13½%
Industrial Bk. of Scot.	13½%
Keyser Ullmann	13½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	13½%
London Mercantile	13½%
Edward Manson & Co.	14½%
Midland Bank	13½%
■ Samuel Montagu	13½%
■ Morgan Grenfell	13½%
National Westminster	13½%
Norwich General Trust	13½%
P. S. Refson & Co.	13½%
Rossminster	13½%
Schlesinger Limited	13½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	14½%
Shenley Trust	14½%
■ Standard Chartered	13½%
Trade Dev. Bank	13½%
Trustee Savings Bank	13½%
Twentieth Century Bk.	14½%
United Bank of Kuwait	13½%
Whiteaway Laidlaw	14 %
Williams & Glyn's	13½%
Yorkshire Bank	13½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%. 1-month deposits 11¼%.
† 7-day deposits on sums of £10,000 and under 11%, up to £25,000 11½%, and over £25,000 11¾%.
‡ Call deposits over £1,000 11%.
§ Demand deposits 11%.

COMMODITIES AND AGRICULTURE

EEC plan to combat oak wilt threat

THE EEC Plant Health Working Group has proposed that new regulations should be introduced to prevent the spread of oak wilt disease from North America to Europe.

Britain has already taken precautions under the Importation of Wood and Bark (Prohibition) Order 1977, but the effect of the EEC proposals will be to extend the conditions to cover square-edged lumber.

The EEC Working Group is proposing that all bark must be removed in the country of origin. Then either the wood must be free of sapwood or it must be kiln- or air-dried to a moisture content to be determined or it must be heat treated by steam or immersion temperatures and for times to be decided. Sterilisation by chemical treatments has been put aside until its effectiveness can be verified.

September 1 has been set as the target date for the introduction of the regulations.

Fall in world grain crop forecast

By Our Commodities Staff

WORLD WHEAT and coarse grain production could fall to 1.15bn tonnes this year, 4 per cent below the 1978 record crop, according to a tentative forecast by the UN Food and Agriculture Organisation.

The prediction assumes that there will be average weather this season compared with the outstanding growing conditions that boosted yields last year. The FAO report also noted that grain output this year could be cut by adverse weather hitting winter plantings in China and the Soviet Union; droughts in several southern hemisphere regions and plantings cutbacks in some exporting countries.

China could become the world's second biggest importer of grains, and the largest importer of wheat, this year because of crop shortfalls and rising demand, the report added. It forecast that Chinese imports will rise to 12m tonnes, of which 9m tonnes would be wheat.

● The Canadian Government said yesterday it has signed a three-year agreement with China for the sale of up to 10.5m tonnes of Canadian wheat.

The agreement calls for shipment of a minimum of 8.4m tonnes—about 308m bushels—and a maximum of 10.5m tonnes—386m bushels—in the three-year period from August, 1979.

Intervention in NZ lamb market confuses trade

BY CHRISTOPHER PARKES

MEAT IMPORTERS, wholesalers and retailers have been annoyed and confused by attempts by the New Zealand Meat Producers' Board to stop the recent slide in lamb prices.

While best-quality British lamb is selling for around 66p a pound at wholesale markets, some New Zealand imports can be had for as little as 48p.

Seasonal changes in supply patterns have been exaggerated and disrupted by the hauliers' strike which held up supplies on the dockside, difficulties in the slaughterhouses in New Zealand, and the revolution in Iran which led to the diversion into Britain of large quantities of middling quality meat.

The NZ Meat Board has instructed British agents to begin stockpiling some of the surplus lamb in a bid to ease the over-supply and push prices up again. The agents have been told to build the reserve up to 10,000 tonnes by the middle of March, and expect to have to hold a further 5,000 tonnes in April.

The importers have complained that if the board wants to operate such market support schemes it should run them at its own expense.

Butchers, according to the National Federation of Meat Traders, strongly oppose all artificial means of bolstering prices by interference with the free market.

Traders at Smithfield said the fall in prices had boosted interest in New Zealand lamb.

Price reductions had been a little slow in reaching the consumers, one wholesaler said, but some benefits were now being passed on.

As a result demand was expected to pick up in the next few days. A new-season promotion campaign was also helping to boost consumption.

Meanwhile, the trade has been puzzling over a statement from Mr. Colin Cullimore, managing director of the Dewhurst retail chain, who last week warned shoppers not to be "fooled" by the appearance of "down-graded old stock" in some shops. The meat came from some 100,000 "secondary" NZ lambs diverted from Iran.

Mr. Cullimore's company is owned by the Vestey family which has extensive interests in all sectors of the NZ-UK meat trade.

Robert Lindley writes from Buenos Aires: Argentine meat packers have petitioned the Government to reintroduce meat rationing as a means of making available stocks for exports "laboriously won in recent years."

In a note to Jose Alfredo Martinez de Hoz, Economy Minister, the Chamber of Regional Packinghouses says the Argentines' per capita consumption of meat rose last year to 96 kilos, 15 kilos more than the average for the previous 20 years. The domestic consumption of meat in Argentina is higher than in any other country.

Argentine ranchers mostly oppose meat rationing, arguing that it always tends to force them to kill off their herds and use the land for other purposes. It is calculated that the total cattle population in Argentina today is about 60m.

In their note to the Minister, the meatpackers admit the inconveniences of meat rationing—"it has negative effects for the industry," one of them being the suspension of slaughtering.

But, the chamber adds: "It is a necessary lesser evil."

Late rally in cocoa market

By Richard Mooney

COCOA PRICES on the London futures market staged a strong rally in late trading yesterday.

An easier tone in the morning, partly reflecting nervousness about the Iranian and Vietnamese situations, pushed the prompt March position down the £40 permissible limit at one stage. But some modest buying interest near the close uncovered an oversold market situation; the ensuing rise was fuelled by chartist buying and U.S. short-covering.

By the close the May position was quoted at £1,828.5 a tonne, up £14.5 on the day, after declining to £1,786 earlier in the day.

Meanwhile delegates who had been attending the international cocoa agreement negotiating conference which was adjourned in Geneva on Friday confirmed that the talks would be reconvened well before the expiry of the current agreement on September 30.

When the talks closed wide differences still existed between producers and consumers on the levels at which the buffer manager should buy and sell cocoa. Producer delegates wanted the "floor" price to be set at $1.86 a pound but the consumers favoured a formula under which the minimum worked out at 74 cents a pound.

However, International Cocoa Organisation sources said yesterday they felt an agreement could have been thrashed out had more time been available.

Sharp drop in egg sales

By Our Commodities Staff

SALES OF eggs in supermarkets, co-ops and grocery shops fell by up to 30 per cent in the four weeks to the middle of February, according to figures published by the Eggs Authority which monitors the market.

Consumption has begun to pick up again, however, now that the worst repercussions of the lorry drivers' strike have passed.

During the period there was an "official" price rise of about 9p a dozen, but rates in the multiple stores rose by as much as 18½p.

Copper down, despite stocks fall

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES ended the day lower on the London Metal Exchange yesterday, despite a bigger than expected fall in warehouse stocks.

Prices fluctuated erratically throughout the day, but finally closed easier when the New York market opened lower. Silver prices also tumbled on heavy speculative selling.

The fall of 6,125 tonnes in copper stocks took total holdings in the LME warehouses down to 296,300 tonnes — the first time they have fallen below the 300,000 tonnes mark since June 1975.

Tin stocks unexpectedly fell by 155 tonnes, reducing total holdings to 2,130 tonnes, when an increase had been generally forecast. But after prices had risen in early trading, reflecting the strong increase in the Penang market over the weekend, persistent selling pressure and the easier trend in other metals brought an easier close.

Lead stocks, as expected, fell by 1,100 tonnes to 15,300 tonnes, and values held steady on reports of further Russian buying. Zinc stocks rose by 1,550 to 70,550 tonnes and values declined in line with copper.

Aluminium stocks were marginally higher, up by 500 tonnes to 13,775 tonnes. Prices lost ground following copper despite an announcement by Kaiser in the U.S. that it was raising primary ingot prices by an average of 5 per cent, effective March 1.

LME silver holdings rose by 280,000 to 21,700,000 ounces.

But the downturn in silver values was triggered off in New York where prices fell the permissible limit down of 20 cents a pound in early trading.

The March position, not subject to limit conditions, fell even more sharply reflecting nervousness about heavy deliveries in the spot month after the recent price upsurge. At the same time speculative buying was discouraged by higher margin requirements, introduced yesterday.

Wool market upsurge

BY OUR COMMODITIES STAFF

CROSSBRED WOOL prices rose again at the Christchurch wool sale yesterday, following the sharp increases at the Auckland and Australian auctions last week.

Christchurch crossbred values were between 2.5 to 5 per cent up while merino wool prices were 10 to 15 per cent higher.

On the Sydney wool futures market values advanced strongly, with the May contract reaching 440 cents a kilo—the highest level for six years. This reflected the strong tone at the auctions last week with bullish sentiment reinforced by the China-Vietnam conflict.

The Bradford wooltops price rose another 2p to 284p a kilo yesterday and has now risen by 16p since the beginning of this month.

LONDON METAL EXCHANGE

Step towards better financial security

BY A SPECIAL CORRESPONDENT

THE INTRODUCTION of the monitoring system for the London Metal Exchange, which started a three-month "running in" period yesterday, can be viewed either as an important step forward in self-regulation or the first hesitant move towards a full clearing house.

In any event it will provide an early warning against possible financial problems and any damaging chain reaction that might follow.

The new system will record ring-dealing members' "long" and "short" position (i.e. purchases and sales) via the computed facilities provided by the International Commodities Clearing House. The records will only show the ring members' positions with each other; clients and non-ring members are not included.

Figures will be supplied each day to the independent "monitor"—a professional company unconnected with the LME, the metal trade or the ICCH. Why this arm's length approach? Not entirely chauvinism, since the "monitor" is to have no discretion and is to be a recording angel only.

Disciplinary procedure

It will push the red button should occasion demand and from that time onward the LME's own internal disciplinary procedure will take over in the shape of a monitoring committee drawn from the Board and committee members. This is effectively little different from present procedure. It suffers the same disability in that it is time-consuming, providing as it does for the right of appeal from a decision of the monitoring committee to the full Board and committee in joint session.

The permitted open indebtedness of each member is established in relation to the company's assets and financial guarantees provided. Increases in the open-indebtedness sum, and correction of excesses over it, are made in accordance with a set scale and this gets progressively more severe up to a swingeing pound-for-pound in extreme cases.

The system takes into account all deals done (and recorded) on standard LME contract terms, including options. Deals maturing up to three months and 14 days forward go into the indebtedness calculation. More distant dates are simply noted for inclusion when they come within the period.

Less flexible and dearer

The hoary old question as to whether "owed to" and "owed by"—purchaser and seller—may justifiably be set one against the other and a net result obtained has been ingeniously dealt with for calculation purposes only. But, the fact remains though that should there be any default, then without any daily clearing the two may not be set-off against each other—this was made abundantly clear in the British Eagle v Air France case.

Since the commitment limit is to be based on assets plus the total of guarantees put up, the system may well prove expensive to those who made over-optimistic forecasts of likely turnover or to all when business is slack.

To this extent it appears both dearer and less flexible than the clearing house method of calling margins only in the light of net commitments to the market as they arise. It seems a high price to pay for retention of the traditional LME non-assignable principals' contract, with discretionary, as distinct from automatic, margin calls.

How this will affect the members' attitudes towards their clients is uncertain. Presumably a company whose liability is further from the LME "ceiling" will be in a position to be more lenient than another which is already near that limit. It is also unavoidable that—initially at any rate—some members will be in a much better position than others to feed information into ICCH computer. Those less fortunately placed will have their own cost and administrative problems here.

Indeed, it seems inescapable that monitoring will favour the company which is either financially strong in its own right or which has access to strong financial backing from within its own group. This admittedly covers the great majority of present ring-dealing members, but is bound to have an effect on future admissions to the Ring. It may prove an inhibiting factor.

Experience alone will show whether the proposed ratios of open indebtedness to guarantees will need revision, and whether the gearing so far selected will prove to be too low.

It is even possible that some sort of revision may be closer at hand than was at first thought. Members may be presumed to have done their self-assessment exercise during the preceding months when prices for all metals, with the possible exception of lead, were both lower and less erratic than they are now.

Reassuring critics

Cynics may say that the Metal Exchange would have done better either to manage the whole exercise in-house—perhaps with its own settlement house system along Chicago Board of Trade lines—or to have opted for a system of periodic settlements, if it did not wish to go into the ICCH clearing house along with the other commodity markets.

They might be right. Be that as it may, the Exchange is doing something significant to reassure its critics and its clients that the possible consequences of a chain-reaction crisis are very much in mind at a time when the markets can be expected to enter a highly volatile period.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Fell away on the London Metal Exchange as prices continued to move erratically. Forward metal started at £1,023 and slipped to £1,017 before rallying to £1,027. The market showed some steadiness at this level but there was a lack of followthrough and the price was beginning to slide down when Comex opened weakly under the influence of the selling of nearby positions. This pushed London down to £1,008 and, although there was a rally to £1,019, the price retreated again to close at £1,010 on the Kerb. Turnover 24,525 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1000.5-5	+18.2	1002-3	-.25
3 months	1026.5-6	+18.2	1018.5-9.5	-1.75
Settl'm't	1009.5	+18	—	
Cathodes				
Cash	1005-7	+22.5	994-6	-2
3 months	1020-1	+19	1010-1	-4
Settl'm't	1007	+23	—	
U.S. Smt.	—		*87.95	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,001, 10.5, 08, three months £1,026, 27, 27.5, 27, 26, 27, 26, 26.5, 26, 25.5, 25, 25.5. Cathodes: Three months £1,020, 21, 20.5. Kerb: Wirebars, three months £1,026, 25.5, 25, 24.5. Afternoon: Wirebars, three months £1,026, 09, 10, 12, 13, 12, 11.5, 12, 14, 15, 16, 17, 17.5, 17, 18, 19, 18.5, 19. Cathodes: Three months £1,010. Kerb: Wirebars, three months £1,016, 13, 12, 10, 11, 10, 8, 9, 8, 7, 6, 8, 9, 10, 11, 10.

TIN—Traded down after forward metal had started steadily following a strong rise in the East over the weekend. At £7,300 forward metal came under some pressure from the performance of other markets, the level of the pound and profit-taking. The price fell to £7,270 before steadying around £7,300 again. But in fairly active trading the selling pressure resumed, leading to a low for the day of £7,250 and a close on the Kerb of £7,260. Turnover 1,435 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7410-40	+112	7330-70	-15
3 months	7320-40	+120	7260-80	-5
Settlem't	7440	+115	—	
Standard				
Cash	7405-10	+140	7320-30	-15
3 months	7310-5	+120	7250-60	-7.5
Settlem't	7410	+115	—	
Straits E.	$1925	+8	—	
New York	—		—	

Morning: Standard, cash £7,410, 05, 10; three months £7,310, 05, 7,300, 10, 7,300, 05, 10, 25, 20, 15. High Grade, cash £7,440. Kerb: Standard, three months £7,310, 05, 7,300. Afternoon: Standard, three months £7,300, 7,290, 80, 75, 60. Kerb: Standard, three months £7,250, 55, 50, 60.

LEAD—Firmer, but well below the day's highest levels, reflecting the movements in copper. After opening at £505 forward metal rose to £515 with sentiment helped by a slightly larger than expected fall in stocks. However, the price declined thereafter in line with copper and ended in the afternoon kerb at £506.5. Turnover 6,250 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	543-7	+17.5	539.5-42	+3.75
3 months	512-.5	+14.7	508-.5	+4.75
Sett'ment	547	+19	—	
U.S. Spot	—		*42.4	

Morning: three months £515, 14, 15, 14, 13, 14, 13.5, 13, 12.5, 12, 12.5. Kerb: Three months £512.5, 12, 11, 10, 9, 8.5, 8, 7, 7.5, 7, 8, 8.5. Kerb: Three months £507, 7.5, 6.

ZINC—Mirrored the trend in copper with forward metal rising to £419 on the early pre-market before falling back to close on the late kerb at £405.5. Turnover 8,800 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	402-.5	+2.25	396-8	-3.5
3 months	415-6	+2.25	410-1	-5
S'ment	402.5	+1.5	—	
Prim'wst	—		*36.5-7.5	

Morning: Cash £402; three months £419, 18, 17, 16, 15.5. Kerb: Three months £414. Afternoon: Three months £412, 11, 13, 12.5, 12, 11, 10, 11, 10.5. Kerm. Three months £410, 7, 5, 6, 7, 8, 7, 6.

ALUMINIUM—Easier as the market tended to move in line with copper. After starting at £742-£745, forward metal was steady but then fell away, with trade selling around £745 and stop-loss selling under £740. A low for the day of £731 was touched before a close on the Kerb of £734. Turnover 5,525 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	739.5-41.5	-1.5	733-4	-12
3 months	740-2	-1	735-6	-11.7

Morning: Three months £747, 46, 43, 42, 41. Kerb: Three months £742. Afternoon: Three months 741, 40, 38, 36, 35, 31, 33, 35, 36, 35, 36. Kerb: Three months £734.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 0.3p an ounce higher for spot delivery in the London bullion market yesterday, at 384.3p. U.S. cent equivalents of the fixing levels were: spot 775.1c, up 3.3c; three-month 794.0c, up 4.1c; six-month 810.4c, up 5.4c; and 12-month 835.2c, up 7.8c.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	384.3p	+0.3	377.3p	-10.1
3 months	395.3p	+0.5	387.75p	-10.4
6 months	404.8p	+0.8	—	......
12 months	419.8p	+1.2	—	......

LME—Turnover 273 (161) lots of 10,000 ozs. Morning: Three months 396.5, 96, 95.3, 96, 95.7, 95.6. Kerb: Three months 395.7, 95.5, 95.7. Afternoon: Three months 389.5, 89, 88, 87, 88, 89, 88.5, 88.3, 88, 87.5, 87.2, 87, 87.2, 87.5, 87.2, 87.3, 87.4, 87.8, 87.7. Kerb: Three months 387, 86, 35.5, 85, 84, 84.5, 85, 84.8, 85, 85.2, 86.

COCOA

Cocoa futures were erratic throughout the day and having traded limit down during the morning prices fully recovered during late dealings to close at the day's highs, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1782.0-84.0	-28.0	1775.0-1746
May	1828.0-29.0	-14.5	1829.0-1786
July	1828.0-50.0	-6.0	1856.0-1801
Sept	1855.0-36.0	-11.0	1853.0-1820
Dec	1875.0-77.0	-5.5	1887.0-1865
March	1890.0-1900	-4.0	1900.0-1830
May	1910.0-40.0	+18.0	—

Sales: 4,337 (3,532) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound): Daily price Feb. 23 162.05 (161.01); indicator prices Feb. 26: 15-day average 139.07 (138.23); 22-day average 137.51 (137.25).

COFFEE

After opening £5 higher, London Robustas remained featureless throughout a disappointing morning session as the market consolidated recent gains, reported Drexel Burnham Lambert. With no fresh incentive the afternoon was a continuation of earlier proceedings but towards the close a considerable pick up in volume produced some late activity. Prices finally finished unchanged to 11 down on the day.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1365-1367	-27.5	1410-1355
May	1355-1356	-11.0	[illegible]
July	1322-1325	[illegible]	[illegible]
Sept	1302-1305	[illegible]	1310-1295
Nov	1276-1278	-11.0	1290-1278
January	1252-1255	[illegible]	1260-1250
March	1232-1240	[illegible]	1248-1230

Sales: 3,854 (6,526) lots of 5 tonnes. ICO Indicator prices for Feb. 23 (U.S. cents per pound): Colombian Mild Arabicas 132.00 (132.00); unwashed Arabicas 128.50 (128.00); other mild Arabicas 124.63 (122.50); Robustas ICA 1976 132.50 (132.00); Robustas ICA 1968 132.75 (132.25). Daily average 128.64 (129.06).

GRAINS

LONDON FUTURES (GAFTA)—Old crops opened 50p higher on wheat in inactive two-way trading. Values increased to trade 100p higher, the main interest being in the May option. Some profit-taking and country selling eased values in the afternoon session to close 45-50p up on the day. Barley opened 40p up and traded 75p higher in active trading, again the interest being in May. Values eased to close 25p up on the day. New crops saw very little trade and closed 15-20p lower on wheat and 20p-45p lower on barley, Acli reported.

HGCA—Location ex-farm spot prices. Other milling wheat: Cambridge 93.70. Feed barley: Central Scotland 86.30, Cambridge 83.80.

The U.K. monetary coefficient for the week beginning March 5 (based on HGCA calculations) is expected to remain unchanged.

HGCA—Average UK ex-farm spot prices for week ending February 23: Other milling wheat £94; feed wheat £92.30; feed barley £87.80; malting barley £91.40.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, March 94.25, mid-March/mid-April 92.50, transhipment East Coast. U.S. Hard Winter, 13½ per cent, late Feb.-early March 89.25, transhipment East Coast. EEC unquoted. Maize: U.S./French March and April 110, transhipment East Coast. South African White April 76.50, Glasgow. South African Yellow April 75.50 Glasgow. Barley: English feed fob March 97.50, April-June 93.50, East Coast.

MARK LANE—The market was extremely active with considerably higher trading levels. Milling: March 99.30, April-May-June 104.50 delivered London area. Denaturable standard wheat: March 97.25, April-May-June 102.50 delivered East Anglia. Feed barley: March 95.50, April-May-June 99.25 delivered East Anglia.

EEC IMPORT LEVIES—The following levies and premiums are effective for Feb. 27 in order current levy plus March, April and May premiums (with previous in brackets), all in units of account per tonne. Common wheat: 82.76, nil, nil, 6.53 (83.76, 0.30, 0.30, 6.85); Durum wheat: 134.52, rest nil (134.52, rest nil); Rye: 84.85, nil, nil, 7.31 (84.85, nil, nil, 7.31); Barley: 93.96, rest nil (93.96, rest nil); Oats: 90.01, rest nil (90.01, rest nil); Maize (other than hybrid for seeding): 78.12, nil, nil, 0.61 (78.12, 0.15, 0.15, 0.46). Buckwheat: 4.72, rest nil (4.72, rest nil); Millet: 77.74, rest nil (77.74, rest nil); Grain sorghum: 81.29, nil, nil, 2.43 (81.29, nil, nil, 2.43). Flour levies: Wheat or mixed wheat and rye flour: 128.50 (128.50): Rye flour: 130.42 (130.42).

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Mar.	95.90	+0.50	92.55	+0.25
May	98.35	+0.40	94.90	+0.15
Sept.	91.65	+0.15	88.15	+0.20
Nov.	95.25	+0.20	88.65	+0.20
Jan.	98.80	+0.15	92.05	+0.20

Business done—Wheat: March 96.30-95.90, May 100.00-99.30, Sept. 91.80-91.65, Nov. 95.30-95.20, Jan. 99.00-98.80. Sales: 229. Barley: March 92.60-92.75, May 95.50-94.90, Sept. 88.45-88.15, Nov. nil, Jan. 92.55-92.15. Sales: 237.

RUBBER

UNCHANGED opening on the London physical market. Little interest throughout the day, closing barely steady. Lewis and Peat reported the Malaysian godown price was 258 cents a kilo (buyer, March).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
March	64.85-64.70	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]

Sales: 546 (707) lots of 15 tonnes and unquoted (3) at 5 tonnes. Physical closing prices (buyers) were: Spot 62.75p (64.0); April 62.75p (63.5); May 64p (64.75).

SOYABEAN MEAL

The market opened around 50p higher and traded at these levels during the morning session. Commission House long liquidation caused a sharp setback and the market closed £2.00-£1.50 lower, reported T. G. Roddick.

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
April	130.00-30.8	-1.6	—
June	131.20-31.4	-1.7	133.50-31.30
August	132.90-33.0	-1.45	135.00-32.90
October	130.50-31.5	-2.55	—
December	129.00-30.5	-2.05	130.00
February	129.00-31.5	-0.50	—
April	129.50-35.0	......	—

Sales: 103 (109) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £109.00 (£108.00) a tonne cif for Feb.-March shipment. White sugar daily price was fixed at £109.50 (same).

The market steady around kerb levels during the morning. Later however, prices fell some 200 points following rumours that Yugoslavia was seeking to place part of its current surplus, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	109.50-10.00	109.25-08.75	111.75-08.75
May	110.70-10.90	111.85-12.00	113.50-10.75
Aug	114.50-14.55	115.80-15.85	117.25-14.50
Oct.	117.10-17.15	118.15-18.20	118.25-17.00
Dec	119.80-19.90	120.75-20.80	121.60-19.80
March	124.75-24.80	125.25-25.60	126.25-24.75
May	127.50-27.80	128.00-28.50	128.00-27.75

Sales: 4,505 (3,635) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.35 (same) a tonne for home trade and £176.00 (£173.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port)—Price for Feb. 23 Daily 8.81 (8.80); 15-day average 8.21 (8.14).

LONDON WHITE—Close (in order buyer, seller, business, sales): April 108.00, 108.50, 110.00-08.50, 92; July 113.00, 113.95, 114.00, 11; Sept. 117.00, 117.65, 119.05-18.00, 17; Nov. 122.00, 124.00, nil, nil; Feb. 129.50, 130.00, 130.50, 2; April 135.00, 135.50, 135.50, 2; July 137.00, 140.00, nil, nil. Sales: 124.

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: March 418.0, 420.0, 418.0-391.0, 92; May 430.0, 435.0, 440.0-405.0, 183; July 426.0, 427.0, 431.0-431.0, 146; Oct. 413.5, 414.0, 415.0-415.0, 128; Dec. 406.0, 407.0, 410.8-410.8, 233; March 398.0, 402.0, 411.0-411.0, 56; May 404.5, 405.0, 412.0-412.0, 68; July 399.0, 405.0, 411.0-411.0, 80. Sales: 984.

BRADFORD—With prices showing sharp rises at the Christchurch sales and with Sydney wool futures sharply higher the reaction at Bradford is to sell only small weights where stocks permit, and at rising prices. The extent of the rise varies according to stocks. Merinos are only quoted modestly higher, whereas New Zealand types are fully 10p up on an already high price.

LONDON GREASY—Close (in order buyer, seller): March 225.0, 242.0; May 240.0, 250.0; July 245.0, 265.0; Oct. 248.0, 259.0; Dec. 248.0, 259.0; March 248.0, 260.0; May 248.0, 260.0; July 248.0, 260.0. Sales: 2.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): March 197.0, 205.0; May 204.0, 208.0; July 204.0, 210.0; Oct. 204.0, 213.0; Dec. 204.0, 214.0; March 204.0, 216.0; May 204.0, 216.0; July 104.0, 116.0. Sales: Nil.

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GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.50, codlings £2.60-£4.00; large haddock £4.30-£4.80, small £3.60-£4.30; medium plaice £4.50-£5.00, best small £4.00; large skinned dogfish £9.50, medium £8.50; rockfish £2.30-£3.00; reds £2.00-£2.60; saithe £2.00-£2.50.

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TEA—46,229 packages were offered at yesterday's London auction. North Indian teas opened at 3 to 4p per kilo easier but weakened later. Bright Africans were firm to dearer but plainer mediums closed easier. Demand for Ceylon tea was limited. Average price indications: quality 134p a kilo (130p); medium 112p (120); plain 80p (same).

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 26 1979	+ or —	Month ago
Metals			
Aluminium	£710		£710
Free Mkt (cst)	$1,475/95		$1,275/80
Copper cash W'bar	£1002.5	-0.25	£971.5
3 mth	£1,019	-1.75	£990.75
Cash Cathode	£995	-2	£959.25
3 mth	£1,010.5	-4	£979.25
Gold troy oz	$246.125	-3.25	[illegible]
Lead cash	£540.75	+3.75	[illegible]
3 mth	£508.25	+3.75	£461.75
Nickel	£2,320.69		[illegible]
Free mkt (c)	[illegible]		[illegible]
Platin'm tr'y oz	£164.5		£160
Free mkt	[illegible]		[illegible]
Quicksilver	[illegible]		[illegible]
Silver troy oz	384.3p	+0.3	[illegible]
3 months	395.3p	+0.5	[illegible]
Tin cash	£7,325	-15	[illegible]
3 mths	£7,255	-7.5	[illegible]
Tungsten	$137.94		$144.29
Wolfrm 22.04 cif	$139/146	+2.5	$120/25
Zinc cash	£397	-3.5	£364.5
3 months	£410.5	-5	£378.75
Producers	$760		$760
Oils			
Coconut (Phil)	$1,000v		$990
Groundnut	—		—
Linseed Crude	£415		[illegible]
Palm Malayan	$708w	-14.5	$640
Seeds			
Copra Philip	$680y	-5.0	$660
Soyabean (U.S.)	$318.5z	-5.0	$287
Grains			
Barley Futures	£94.9	+0.15	£90
Maize			
French No 3 Am	£110r	+1.0	£110.5
Wheat			
No. 1 Red Spg.	‡	....	‡
No2HardWint.	£89.25r	-0.25	£87.5
Eng. Milling †	£98.5x	+2.0	£96
Other commodities			
Cocoa ship't	£1,829	+25.0	£1,808
Future May	£1,828.5	+14.5	£1,782.5
CoffeeFt'rMay	£1,355.5	-11.0	£1,368.5
Cotton 'A' index	76.5c	....	75.6c
Rubber kilo	62.75p	-1.25	57.p
Sugar (Raw)	£109	+1.0	£93
Wooltp's 64s kl	284p	+2.0	268p

* Nominal. † New crop. ‡ Unquoted. p April-May. r Feb.-March. ʒ March. v March-April. w April. x Per ton. z Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, Feb. 26.

Copper—March 88.10 (89.90), April 88.60 (90.70), May 88.70, July 89.20, Sept. 89.50, Dec. 89.60, Jan. 89.45, March 89.35, May 89.25, July 89.20, Sept. 89.10, Dec. [illegible].

*Platinum—April 413.00 asked (420.50), July 414.60 asked (424.80), Oct. 416.80 asked, Jan. 418.40 asked, April 421.30 asked, July 423.70 asked, Oct. 426.00 asked.

$Silver—March 766.50 (786.00), April 772.50 (792.50), May 778.00, July 787.80, Sept. 796.60, Dec. 809.40, Jan. 813.80, March 822.00, May 830.60, July 839.00, Sept. 847.60, Dec. 860.60. Handy Harman spot bullion 763.00 (785.50).

Sugar—No. 11: March 8.30 (8.53-8.55), May 8.77 (8.87-8.88), July 9.01, Sept. 9.20, Oct. 9.32, Jan. 9.53, March 10.00, May 10.18, July 10.40. [illegible]

Cocoa—March [illegible], May [illegible], July [illegible], Sept. [illegible], Dec. [illegible], March [illegible], May [illegible]. Sales: [illegible].

Coffee—"C" Contract: March 127.20-127.40 (128.50), May 127.70-127.75 (127.54), July [illegible], Sept. [illegible], Dec. [illegible], March [illegible]. Sales: [illegible].

[illegible]

Lard—Chicago loose 25.50 (same). New York prime steam not available (27.00 traded).

‡Maize—March 236¼-236½ (238¾), May 247-247¼ (249), July 253½-253¾, Sept. 256¾, Dec. [illegible], March [illegible].

Plywood—March 207.5-207.8 (208.9), May 208.0, July 208.5, Sept. 208.5, Nov. 206.8, Jan. 207.5 nom., March 207.5 nom.

Shell Eggs—March 54.50 (54.65), April 50.90 (50.90), May 49.30 asked, June 50.70, Sept. 59.35, Nov. nil, Dec. 61.10 asked. Sales: 48.

Silver—March 773.0 asked (793.0), April 777.8 asked (797.8), June 787.7 asked, Aug. 796.4 asked, Oct. 805.1 asked, Dec. 813.8 asked, Feb. 822.7 asked, April 831.6 asked, June 840.5 asked, Aug. 849.7 asked, Oct. 858.9 asked, Dec. 868.1 asked, Feb. 877.3 asked, April 887.1 asked, June [illegible], Aug. [illegible].

‡Soyabeans—March 747-744 (773), May 761½-760 (785½), July 771-772, Aug. 766, Sept. 725, Nov. 702-701, Jan. 710½.

||Soyabean Meal—March 198.50-199.00 (203.30), May 202.80-202.50 (207.70), July 206.00-206.00, Aug. 204.50-204.00, Sept. 201.00-200.50, Oct. 195.50-195.80, Dec. 196.00-195.50, Jan. 196.50.

Soyabean Oil—March 27.45-27.20 (28.27), May 27.45-27.50 (28.27), July 27.60-27.65, Aug. 27.25-27.20, Sept. 26.50, Oct. 25.80, Dec. 24.75-24.85, Jan. 24.70, March 24.60, May 24.50.

‡Wheat—March 365-66 (364), May 348¼-348 (347½), July 323¼-323½, Sept. 325¼, Dec. 335, March 343.

WINNIPEG, Feb. 26. §Rye—May 105.20 bid (107.30), July 104.20 bid (105.30 bid), Oct. 105.20 bid, Dec. 105.20 bid.

§Barley—March 80.80 bid (80.50), May 81.00 (80.60 asked), July 83.00 bid, Oct. 82.80 bid, Dec. 84.40 bid.

§Oats—March 85.80 bid (85.50), May 83.30 (83.30), July 82.50 bid, Oct. 82.50 bid, Dec. 84.40 bid.

§Flaxseed—May 354.40 (354.40 bid), July 348.90 asked (358.50 bid), Oct. 332.00 asked.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. † Cents per troy ounce. ‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, Feb. 26.

U.S. No Two dark hard winter wheat 13.5 per cent mid Feb./mid March $164. U.S. Hard Winter wheat ordinary not offered. U.S. No Two Red Winter wheat March $168, April $160, May $159, June $148, July $148. U.S. No Two Northern Spring wheat 14 per cent, May $174, April/mid-May $149, April/May $147.75.

Maize—U.S. No. 3 Corn Yellow April $122.75, Feb. $122.50, March $122.25, April/June $121, July/Sept. $121.75, Oct./Dec. $122.50.

Soyaoil Dutch crude degummed guilders 100 kilos fob mill—March/April 136.50, seller unchanged, 135.75 paid April 135.50, paid May/June/July 133.50, seller down 0.50 134.25, paid Aug./Sept.Oct. 131.50 seller unchanged May/Oct. 131.50, paid Nov./Dec./Jan. Feb./March/April 120 sellers unchanged.

Soyaoil Dutch refined and deodorised Guilders 100 kilos fob mill—Feb./March 157 seller unchanged.

PARIS, Feb. 26.

SUGAR (FFr per 100 kilos). May 932/935, July 950/956, Aug. 972/974, Oct. 1006/1015, Nov. 1003/1013, Dec. 1045/1060, March 1095/1110, May 1105/1130. Sales at call 10.

● Commodity market coverage in these columns is being extended to include French sugar, cocoa, coffee, soyabean meal and wool market closing prices. More U.S. futures markets will also be covered including silver, live cattle, hogs, eggs, pork bellies and plywood from Chicago and orange juice and potatoes from New York.

INDICES

FINANCIAL TIMES

Feb. 26	Feb. 23	M'nth ago	Year ago
270.27	270.48	261.84	224.44

(Base: July 1, 1952=100)

MOODY'S

Feb. 26	Feb. 23	M'nth ago	Year ago
1056.9	1054.2	996.5	894.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 23	Feb. 22	Month ago	Year ago
Spot	385.57	383.65	373.17	350.72
F'tur's	384.75	382.87	368.78	333.27

(Average 1924-25-26=100)

REUTERS

Feb. 26	Feb. 23	M'nth ago	Year ago
1562.2	1558.8	1502.2	1378.9

(Base: September 18, 1931=100)

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets week ending Feb. 24. GB cattle 73.12p per kg. l.w. (+0.53); UK sheep 153.2p per kg. est.d.c.w. (+3.7); GB pigs 62.4p per kg. l.w. (+1.0). England and Wales: Cattle numbers up 37.4 per cent, average price 73.59p (+0.42); Sheep numbers up 37.7 per cent, average price 153.7p (+3.9); Pig numbers up 27.9 per cent, average price 62.3p (+1.0). Scotland: Cattle numbers up 16.0 per cent, average price 71.43p (+0.54); Sheep numbers up 30.1p per cent, average price 150.3p (+3.1); Pig numbers down 6.2 per cent, average price 63.8p (+0.7).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 54.0 to 59.0. Eire hindquarters 63.0 to 66.0, forequarters 43.0 to 46.0.

Veal: English fats 70.0 to 80.0, Dutch hinds and ends 91.0 to 95.0.

Lamb: English small 56.0 to 68.0, medium 56.0 to 66.0, heavy 54.0 to 62.0. Scotch medium 56.0 to 64.0, heavy 54.0 to 62.0. Imported frozen—N.Z. PL new season 48.0 to 49.0, PM new season 48.0 to 49.0.

Pork: English, under 100 lb 36.5 to 45.0, 100-120 lb 36.0 to 43.5, 120-160 lb 35.0 to 42.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Lemons—Italian: 120s 4.20-4.30; Cyprus: Trays 3.30-4.00, cartons 120/180s 4.00-6.00; Spania: Trays 30/40/45 1.50-1.60. Oranges — Spania: Navels/Navelines 3.30-3.70; Israeli: Shamouti 4.35-5.00; Cyprus: 3.00-4.60; Moroccan: Navels 3.50-3.60; Egyptian: Baladi 2.60-2.80; Jamaican: 3.00. Sevilles — Spanish: Sours 3.20.

هكذا من الأصل

Gilts dominate markets again with new scrips the focal point—Two increased bids for English Property

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb. 12	Feb. 22	Feb. 23	Mar. 6
Feb. 26	Mar. 8	Mar. 9	Mar. 20
Mar. 12	Mar. 22	Mar. 23	Apr. 3

* "New time" dealings may take place from 9.30 am two business days earlier.

Stock markets started the new trading Account yesterday in the same confident mood in which they ended the previous one. Gilt-edged securities continued to claim the lion's share of the trade with interest naturally revolving around the two new partly-paid stocks, but leading equities also made progress and numerous good featured appeared among secondary issues, particularly situation stocks.

On the assumption that some of last week's stags of the two new Government stocks might take their profits, quotations of both opened below Friday's list levels and reductions were also prevalent initially in other British Funds. In the event, selling of the two scrips was light and, in another substantial turnover, prices recovered and extended the movement in trade after the official close to settle at the best yet.

The longer stock Treasury 13¾ per cent 2000-03 rallied from £18¼ to close ¾ up at £19¼, or £4¼ premium on the issue price, and the short-medium Exchequer 13¼ per cent 1987, after reacting to £17¼, ended similarly dearer at £18¼. Short-dated maturities were ⅛ down in places initially before a late rally, helped by fresh overseas investment, finally stuck and left net gains extending to ⅛. The longs generally eased ⅛ prior to closing that much higher on balance.

The continuing overseas battle for control of English Property—the Dutch Wereldhave's increased offer yesterday of 56p per English Ordinary was quickly contested by a bid of 60p cash from Olympia and York—whetted appetites for possible bid candidates in all market sectors; English rose 6½ to 60½p, suggesting that the auction is not yet over.

Reflecting the increased activity among secondary and situation stocks, many of which held their highest levels, official markings rose to 6,146, but mirroring a slight late downdrift in the leaders, the FT 30-share index eased from its day's best of 469.9 at 1 pm to close with a net rise of 1.8 to 468.8; gains among the constituents rarely exceeded a couple of pence.

A firmer tone developed in the investment currency market and, with inflation fears adversely affecting the dollar, the premium rose from an opening 91¾ per cent to 93 per cent and ended a net ½ up on Friday's close at 92½ per cent. Yesterday's SE conversion factor was 0.6681 (0.6763).

Reflecting the increased activity in equities, the traded option market again attracted a record number of contracts—with 1,610 deals completed. This is some 250 more than the previous record set last Tuesday. Among the more active series were ICI with 281 contracts, EMI with 260 and Grand Metropolitan with 228.

News that Comet Radiovision had increased its stake in the company to approximately 23 per cent lifted Caledonian Holdings 8 to 131p compared with London and Midland Industrial's already agreed increased offer of around 130p per share; LMI moved up 4 to 111p, while Comet hardened 2 to 101p.

Banks good again

The major clearing banks started the week in the same buoyant mood as they had finished the old. Favourable Press comment attracted renewed interest and NatWest, ahead of annual results today, touched 318p before closing only 2 up on balance at 310p. Midland, however, showed a rise of 10 at 378p and Barclays, still drawing strength from last week's good results, gained 7½ to 410p xd, while Lloyds ended a like amount dearer at 300p xd. In front of preliminary statements, due today, Grindlays, 133p, and Hong Kong and Shanghai, 279p, rose 9 and 11 respectively. Antony Gibbs attracted speculative buying and closed 6 to the good at 56p and Wagon Finance added 5½ to 45p xd in response to Press comment.

In front of today's annual results, Commercial Union put on 3 to 149p, while General Accident gained 4 to 202p and Royals appreciated 3 to 350p ahead of their respective trading announcements due tomorrow and Thursday.

Favourable weekend Press mentions encouraged buyers in Carron, which firmed 8 to 73p, and Sharpe and Fisher, which added 7 to 62p. Elsewhere in Building descriptions, Tunnel B advanced 12 to 302p on revived suggestions that T. W. Ward may sell its 26.6 per cent stake in the company, and Southern Constructions improved ¾ to 11¾p on hopes of new sewerage contracts. Ward Holdings firmed 5 for a two-day gain of 10 to 47p xd in response to the impressive full-year results while, in a thin market, Breedon and Cloud Hill Lime added 5 to 130p. Housebuilders Gough Cooper attracted buyers at 75p, up 6.

ICI touched 385p xd before shading to close 1¾ up on balance at 382p xd. Fisons hardened 3 to 303p, after 305p; the annual results are due next Monday. Elsewhere, Alginate dropped 74 to 300p on news that Merck Incorporated's 385p per share cash bid has been referred to the Monopolies Commission.

Burton strong

Speculatively supported of late on a combination of enfranchisement and bid hopes, Burton issues took a further substantial step forward yesterday following a weekend Press prediction that the group will announce interim profits of around £10m; the Ordinary finished 8 dearer at 243p, while the A and Warrants rose 13 apiece to 221p and 77p respectively. Elsewhere, Gussies A put on 6 to 314p and Woolworth hardened 1½ to 69p. Speculative buying fuelled by takeover suggestions lifted Bakers Household 7 to a 1978-79 peak of 68p, while Home Charm gained 10 to 296p and Status Discount added 11½ to 259p xd.

The Electrical sector continued to claim a considerable amount of attention and closed with widespread and sometimes substantial gains. Eurotherm were again well to the fore and advanced afresh to a new peak of 345p before settling at 333p for a rise of 15. United Scientific rallied further to 284p, up 12, while Kode were supported ahead of the interim results, due shortly, and put on 6 to 184p. Assisted by Press mention, Pye Holdings put on 8 to 102p. Gains of around 8 were also recorded in Racal, 394p, Farnell, 450p, and Muirhead, 238p. Among smaller-priced issues, Rotaflex improved 2 to 41p in response to the annual results and encouraging statement on prospects. Leading issues tended to be left out of the picture. EMI, however, ended 2 to the good at 135p following the announcement of funding arrangement for its new EMI centre in Tottenham Court Road.

Apart from John Brown, which encountered a useful demand and put on 8 to 412p, the Engineering leaders passed a quiet session and closed with modest improvements. Elsewhere, Ransomes Sims and Jefferies moved up 11 to 180p in response to the preliminary statement, while favourable Press mention prompted a gain of 14 to 142p xd in Whitehouse. Other secondary issues met selective support with Staveley, 264p, and Wolseley-Hughes, 218p, improving 6 apiece. Fresh demand lifted Mining Supplies 5 to 150p, while rises of 4 were marked against WGI, 128p, Howden Group, 88p, and Davy Corporation, 131p. IMI traded firmly at 53p, up 1½, awaiting today's annual results.

Foods attracted a reasonable level of business with Spillers firming a penny for a two-day gain of 2½ to 40p following Press comment about bid possibilities. Takeover candidate Robertson added another 3 to 147p, while oft-named possible suitor Rowntree Mackintosh pushed up 5 to 375p.

In Hotels and Caterers, early demand lifted Grand Metropolitan 3½ to 124p xd and Trust Houses Forte 6 to 260p xd. Continuing bid rumours prompted further interest in De Vere, which firmed 5 to 255p and Reo Stakis which added 2½ for a two-day gain of 6½ to 51½p.

'Suits' firm

Awaiting the long overdue Monopolies Commission's ruling on the Lonrho offer, Scottish and Universal Investments came in for some support and closed 10 higher at 145p, while Rank Organisation, recovering from recent lethargy, added 13 to 248p with the new nil-paid ending 8 to the good at 26p premium. In the wake of last week's excellent results, a proposed £1.1m dividend-boosting rights issue buoyed Crest Nicholson further and the close was 7 higher at 111p while Jacksons Bourne End jumped 12 more to 140p on hopes of a new suitor appearing now that Rossminster have publicly stated that their original offer of 100p per share will not be increased. An investment recommendation hoisted Centreway 18 to 315p, while Marshalls Universal, 154p, and Associated Sprayers, 74p, rose 11 and 8 respectively for a similar reason. Investment buying lifted Vinten 10 to 155p and improvements of around 7 were recorded in British Vita, 155p, Norman Hay, 75p, Huntleigh, 73p, and Letraset, 146p. S. Leboff Fobel revived with an improvement of 5½ to 48p and Hoover A hardened 2 to 205p; the latter's results are due on Thursday. Reports that the Office of Fair Trading is planning to investigate auctioneers' 10 per cent commission charges unsettled Sotheby's and Christies; the former softened 9 to 378p, after 373p, while the latter lost 5 to 156p, after 154p. Booker McConnell remained a nervous market ahead of forthcoming results and lost 8 more to 268p.

In Leisures, the disappointing interim results left Campari 7 cheaper at 102p, but revived bid hopes lifted Pleasurama 9½ to 118p xd, after 120p xd.

Reawakening interest among recently quiet Motors helped Distributors record useful gains. Favourable Press comment left BSG 3½ up at 41p, while Lex Service added 2½ to 83½p; the latter's final results are due next Thursday. Buyers also came in for Heron, 113 xd, and Godfrey Davis, 102p, both up around 5. News that Lotus will receive £4.5m from Chrysler UK for its involvement in the new Sunbeam Lotus left the former 4 better at 48p. ERF, 96p, and Fodens, 49p, also added 3 apiece.

Major Newspapers improved afresh with gains of around 4, while Home Counties, 5 better at 75p, and Pyramid, 4 up at 52p, also attracted support. Continuing bid speculation lifted Associated Book Publishers 7 to 315p.

Interest in the Property sector centred around English, which moved up 6½ to 60½p following increased cash bids of 46p and 60p respectively from the Dutch group Wereldhave and Canadian property concern Olympia and York Developments. Other leading Properties held close to overnight levels, but selected secondary issues managed useful improvements. Trafford Park Estates gained 9 to 149p, while Mountview Estates and A. and J. Mucklow added 4 apiece to 128p and 136p respectively. Allnatt London firmed another 4 to 268p and Lynton advanced 6 to 139p.

Interest in the Oil sector faded, but the underlying tone was steady to firm with both British Petroleum and Shell edging up a few pence to 990p and 644p respectively.

Trusts made fresh progress while, in Financials, Press mention stimulated a lively interest in Britannia Arrow, 2 to the good at 19½p. Fitzroy Investment improved a similar amount to 20p after news of the acquisition of Graysim Holdings.

Shippings tended harder, but P and O Deferred, down 5 at 76p, met selling following news that the company is reviewing its energy interests which may result in the sale of some of the group assets.

Following a broker's asset revaluation which values Guthrie at 515p, the shares jumped 30 to 475p, after 483p, on thoughts that Sime Darby may increase their offer shortly; Sime rose 2 to 103p. Secondary Plantations remained firm despite the far-eastern crisis with Anglo-Indonesian rising 3 to 120p and Rightwise closing 5 to the good at 142p.

Golds lose ground

A $3.75 decline in the bullion price to $248.125 per ounce, a fall which gathered pace in the afternoon following a sharp downturn in silver, prompted a fair amount of selling of South African gold shares.

Prices were marked down at the outset and remained barely changed throughout the morning. However, the opening of U.S. markets was followed by persistent American selling which resulted in a 2.4 fall in the Gold Mines index to 181.0; the ex-premium index gave up 3.1 to 120.9.

Among heavyweights Randfontein closed ⅜ lower at £33, while losses of around ¼ were common to Vaal Reefs, £17¼, West Driefontein, £23⅝ and Western Holdings £20⅝.

South African Financials, however, held up well with De Beers, 10 higher at 470p, continuing to attract American buying in front of the 1978 results, due on March 6.

London-registered Financials traded quietly with Rio Tinto-Zinc adding a penny to a 1978-79 high of 295p, reflecting favourable Press mention and the recent strength of base-metal prices. The latter also prompted a good demand for Roan Consolidated Mines—which put on 5 to a high of 115p.

Australians were generally firmer, but business tailed off in the afternoon after a flurry of buying interest in the morning. EZ Industries rose sharply to close 20 higher at 295p; the half-year results are expected in the next few days.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
Barclays Bank	£1	13	410xd	+ 7½	412	296
Guthrie Corp.	£1	12	473	+30	483	211
Midland Bank	£1	12	378	+10	390	330
Rank Org. 'New'	Nil/pd.	12	26pm	+ 8	26pm	7pm
Shell Transport	25p	11	644	+ 2	644	484
BP	£1	10	990	+ 2	990	720
ICI	£1	10	382xd	+ 1¾	421	328
NatWest Bank	£1	10	310	+ 2	318	250
Eurotherm Intl.	10p	9	333	+15	345	142
Assoc. Sprayers	10p	7	74	+ 8	74	27
B.S.G. Intl.	10p	7	41	+ 3½	45½	34½
Britannia Arrow	25p	7	19½	+ 2	25	14
British Land	25p	7	54½	+ 1	55	28
English Property	50p	7	60½	+ 6½	60½	27
Tst. Houses Forte	25p	7	260xd	+ 6	270	166

FINANCIAL TIMES STOCK INDICES

	Feb. 26	Feb. 23	Feb. 22	Feb. 21	Feb. 20	Feb. 19	A year ago
Government Secs.	68.03	67.60	66.93	66.31	66.28	65.92	74.20
Fixed Interest	68.23	67.96	67.68	67.22	66.95	66.44	77.54
Industrial	468.8	467.0	459.8	456.9	460.3	460.5	441.8
Gold Mines	181.0	183.4	181.6	180.5	179.5	180.1	150.3
Gold Mines(Ex-$ pm)	120.9	124.0	124.0	125.0	125.0	125.7	114.9
Ord. Div. Yield	6.05	6.08	6.17	6.20	6.16	6.17	6.06
Earnings, Y'ld % (full)	15.80	15.88	16.11	16.19	16.10	16.11	16.03
P/E Ratio (net)	8.90	8.86	8.04	8.00	8.05	8.05	7.78
Dealings marked	6,146	5,325	5,481	5,494	6,057	4,355	5,942
Equity turnover £m.	—	124.42	68.32	87.00	82.99	68.32	70.12
Equity bargains total	—	19,578	15,445	16,936	16,979	14,173	14,388

10 am 468.4. 11 am 469.2. Noon 469.7. 1 pm 469.9. 2 pm 469.5. 3 pm 469.2.

Latest Index 01-246 8026.

*Nil=7.97.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	78.58 (5/1/78)	64.64 [illegible]	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (5/1/78)	65.77 [illegible]	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.5 [illegible]	130.3 [illegible]	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm.)	132.3 [illegible]	90.5 [illegible]	337.1 [illegible]	54.3 [illegible]

S.E. ACTIVITY

	Feb. 26	Feb. 23
Daily Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-day Av'ge Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (150)

BRITISH FUNDS (2), CANADIANS (1), BANKS (4), BEERS (4), BUILDINGS (8), CHEMICALS (1), DRAPERY & STORES (10), ELECTRICALS (16), ENGINEERING (5), FOODS (5), HOTELS (6), INDUSTRIALS (26), INSURANCE (1), MOTORS (3), NEWSPAPERS (3), PAPER & PRINTING (9), PROPERTY (25), SHOES (3), TRUSTS (1), OILS (2), OVERSEAS TRADERS (2), RUBBERS (3), TEAS (1), MINES (7)

NEW LOWS (3)

PAPER (1): Bonal Pulp

SHIPPING (1): P. & O. Defd.

TRUSTS (1): Bremar

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	74	1	7
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantation	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	1,009	199	1,210

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb. 20	Mar. 5	May 17	May 30
Mar. 6	Mar. 19	May 31	Jne. 12
Mar. 20	Apr. 2	Jne. 14	Jne. 26

For rate indications see end of Share Information Service

The Option market encountered a high level of business and calls were dealt in Royco, Consolidated Gold, Nottingham Manufacturing, Burmah, Sereck, British Land, W. E. Norton, Law Land, Lucas, J. Finlan, Spillers, Ultramar, Tricentrol, Premier Oil, P & O, Aurora, Automated Security, Associated Leisure, Town and City, Taylor Woodrow, Robertson Foods, Mixconcrete, Sedgwick Forbes, Jacksons Bourne End, M. F. North, E. Fogarty, BKT, UDT, Savoy A, Burton Warrants, Allied Breweries, Grand Metropolitan, Albert Fisher, Mams, Bernard Matthews, Bank and Commercial, Barton Transport and Hawker Siddeley. A put was reported in Campari, while doubles arranged included Capital and Counties, Campari, Town and City, Sears, Burton Warrants, UDT and MEPC.

BOND DRAWINGS

THE LOAN ASSOCIATON OF SEVEN MUNICIPALITIES OF GREATER COPENHAGEN

5¼% 1964/1984 UA 10.000.000

[illegible]

KREDIETBANK S.A. Luxembourgeoise

Luxembourg, February 27, 1979.

CITY OF OSLO

1974/1992 8½% UA 12.000.000

[illegible]

The Fiscal Agent KREDIETBANK S.A. Luxembourgeoise

Luxembourg, February 27, 1979.

LEGAL NOTICE

No. 00544 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of STOCKCITY LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 16th day of February 1979, presented to the said Court by LEE ELECTRIC (LIGHTING) LIMITED [illegible]

[illegible]

Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. [illegible]

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[illegible]

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A MEMORIAL SERVICE for Mr. Walter [illegible]

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COMPANY NOTICES

BANQUE FRANCAISE DU COMMERCE EXTERIEUR

$US30,000,000 FLOATING RATE NOTES 1977-1984

[illegible]

BANQUE INTERNATIONALE A LUXEMBOURG Société Anonyme Trustee

SOCIETE FINANCIERE POUR LES TELECOMMUNICATIONS ET L'ELECTRONIQUE S.A. (SOFTE)

$U.S.50,000,000 FLOATING RATE 1978/1983

[illegible]

THE FISCAL AGENT KREDIETBANK S.A. LUXEMBOURGEOISE

Luxembourg, February 27, 1979.

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[illegible]								

RECENT ISSUES

EQUITIES

Issue Price p.	Amount Paid Up	Latest Renunc. Date	1978/9 High	1978/9 Low	Stock	Closing Price p.	+ or –	Div.	Times Covered	Gross Yield	P/E Ratio
65	F.P.	[illegible]	[illegible]	[illegible]	Caledonian Hldgs.	131	+8	[illegible]			
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Hunting Assoc. Defd.	145	[illegible]				
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	J. Mr. Dart Defd.	[illegible]					
95	F.P.	[illegible]	[illegible]	[illegible]	Sedgwick F.New10p	99	+2	[illegible]			

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price £	+ or –
[illegible]							

"RIGHTS" OFFERS

Issue Price p.	Amount Paid Up	Latest Renunc. Date	1978/9 High	1978/9 Low	Stock	Closing Price p.	+ or –
[illegible]					Baker Perkins		
[illegible]					Bank of Nova Scotia		
[illegible]					Burco Dean		
[illegible]					Haslemere Estates		
[illegible]					Hawkins & Tipson		
[illegible]					Macpherson (D.)		
[illegible]					Montfort		
[illegible]					Rank Org.		
[illegible]					Sekers Intl.		
[illegible]					Suter Electrical Defd.		
[illegible]					Swan Ryan Intl.		
[illegible]					Taylor Woodrow		

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Group	Index No. (Mon., Feb. 26, 1979)	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri. Feb. 23	Thur. Feb. 22	Wed. Feb. 21	Tues. Feb. 20	Year ago (approx.)
1	CAPITAL GOODS (172)	231.78	+1.0	17.49	5.74	7.81	229.38	226.31	226.05	226.89	190.38
2	Building Materials (28)	205.62	+1.6	18.64	6.38	7.38	202.35	200.05	199.92	200.99	167.66
3	Contracting, Construction (28)	346.83	+1.2	22.17	5.88	6.35	342.67	340.59	339.13	338.04	294.60
4	Electricals (15)	[illegible]									
5	Engineering Contractors (12)	355.34	+1.8	18.95	6.37	7.13	[illegible]				
6	Mechanical Engineering (73)	192.24	+0.7	[illegible]							
8	Metals and Metal Forming (16)	158.96	+1.2	17.51	9.04	7.94	[illegible]				
	CONSUMER GOODS (DURABLE) (53)	213.35	+1.4	[illegible]							
12	Lt. Electronics, Radio, TV (16)	280.31	+1.6	[illegible]							
13	Household Goods (12)	159.34	+0.7	[illegible]							
14	Motors and Distributors (25)	136.34	+1.0	[illegible]							
	CONSUMER GOODS (NON-DURABLE) (170)	233.80	+1.0	[illegible]							
22	Breweries (14)	228.72	+0.8	[illegible]							
23	Wines and Spirits (6)	306.58	+1.1	[illegible]							
24	Entertainment, Catering (17)	284.96	+0.5	[illegible]							
25	Food Manufacturing (19)	201.04	+0.9	[illegible]							
26	Food Retailing (15)	240.56	+1.2	[illegible]							
32	Newspapers, Publishing (12)	[illegible]									
33	Packaging and Paper (15)	136.12	+1.4	[illegible]							
34	Stores (40)	198.86	+1.5	[illegible]							
35	Textiles (25)	172.79	+0.3	[illegible]							
36	Tobaccos (3)	[illegible]									
37	Toys and Games (6)	91.81	+1.0	[illegible]							
41	OTHER GROUPS (99)	200.92	+1.0	[illegible]							
42	Chemicals (18)	290.78	[illegible]								
43	Pharmaceutical Products (7)	[illegible]									
44	Office Equipment (6)	133.04	[illegible]								
45	Shipping (10)	418.35	[illegible]								
46	Miscellaneous (58)	[illegible]									
49	INDUSTRIAL GROUP (494)	222.07	+0.9	[illegible]							
51	Oils (6)	564.73	+0.2	[illegible]							
59	500 SHARE INDEX	250.38	+0.8	[illegible]							
61	FINANCIAL GROUP (115)	177.49	+1.2	[illegible]							
62	Banks (6)	[illegible]									
63	Discount Houses (10)	[illegible]									
64	Hire Purchase (5)	[illegible]									
65	Insurance (Life) (10)	[illegible]									
66	Insurance (Composite) (7)	[illegible]									
67	Insurance Brokers (10)	[illegible]									
68	Merchant Banks (14)	[illegible]									
69	Property (43)	[illegible]									
70	Miscellaneous (10)	[illegible]									
71	Investment Trusts (111)	[illegible]									
81	Mining Finance (4)	[illegible]									
91	Overseas Traders (20)	[illegible]									
99	ALL-SHARE INDEX (750)	[illegible]									

FIXED INTEREST PRICE INDICES

	British Government	Mon. Feb. 26	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	[illegible]			
2	5-15 years	[illegible]			
3	Over 15 years	[illegible]			
4	Irredeemables	[illegible]			
5	All stocks	[illegible]			

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Mon. Feb. 26	Fri. Feb. 23	Year ago (approx.)
1	Low Coupons	5 years	[illegible]		
2		15 years	[illegible]		
3		25 years	[illegible]		
4	Medium Coupons	5 years	[illegible]		
5		15 years	[illegible]		
6		25 years	[illegible]		
7	High Coupons	5 years	[illegible]		
8		15 years	[illegible]		
9		25 years	[illegible]		
10	Irredeemables		[illegible]		

		Mon., Feb. 26 Index No.	Yield %	Fri. Feb. 23	Thur. Feb. 22	Wed. Feb. 21	Tues. Feb. 20	Mon. Feb. 19	Fri. Feb. 16	Thur. Feb. 15	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	[illegible]									
16	Investment Trust Prefs. (15)	[illegible]									
17	Coml. and Indl. Prefs. (20)	[illegible]									

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

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INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

CORAL INDEX: Close 467-472

INSURANCE BASE RATES

†Property Growth	12%
†Vanbrugh Guaranteed	11.75%

† Address shown under Insurance and Property Bond Table.

NOTES

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"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

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LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	22	.....	—	—
41	33	Do. 5pc Pref....	40	.....	—	—
98	98	Chilean Mixed.....	98		—	f3 10

BONDS & RAILS—Cont.

AMERICANS

S.E. List Premium 49⅝% (based on US$2.0210 per £)

Conversion factor 0.6681 (0.6763)

CANADIANS

S.E. List Premium 49⅝% (based on $2.4217 per £)

BANKS AND HIRE PURCHASE

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
83½	58	F. C. Finance....	63		†2.03	2.6	4.8	12.1
8¼	1¾	First Nat. 10p..	7	+½	—	—	—	—
3	½	Do. Wrts 75-83	2½	...	—	—	—	—
14½	9½	Fraser Ans. 10p	14	+¼	—	—	—	—
199	157	Gerrard Natnl...	196	.....	g9.12	—	6.9	—
59	37	Gibbs (A.)......	56	+6	2.23	—	5.9	—
255	195	Gillett Bros. £1.	223xd	.....	16.95	—	11.3	—
29	19	Goode D't Mry.5p	25	.....	0.13	—	0.8	—
142	96	Grindlays........	135	+9	2.79	7.1	3.1	4.7
130	93	Guinness Peat..	102	−1	H5.67	—	8.3	—
217	155	Hambros	178	+2	†9.76	—	8.2	—
100	78	Hill Samuel	86	+2	†4.97	—	8.6	—
600	40	Do. Warrants..	46	+6	—	—	—	—

BANKS & HP—Continued

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
360	203	Hong Shng $2 50	279	+11	hQ59c	—	2.5	—
69	52	Jessel Toynbee..	68	.....	g3.65	—	8.0	—
215	150	Joseph (Leo) £1..	157	.....	8.74	—	8.3	—
55	37	Keyser Ullmann	48	+1	0.67	—	2.1	—
74	56	King & Shax 20p.	68	.....	3.44	—	7.7	—
114	88	Kleinwort B.L...	97	+4	†4.18	—	6.4	—
306	242	Lloyds £1........	300xd	+7½	10.15	q6.0	50.5	0.4
54	42	Manson Fin. 20p.	45	+1	3.52	1.1	11.7	11.9
134	105	Mercury Secs....	127	+2	3.79	—	4.4	—
*390	330	Midland £1......	378	+10	†14.97	4.3	5.9	5.9
£92	£78	Do. 7½% 83-93	£81	.....	Q7½%	21.1	f9.5	—
£95¼	£77	Do. 10¼% 93-98.	£80¾	+⅛	Q10¼%	21.1	e14.0	—
64½	52	Minster Assets.	55	+2½	M3.8	2.5	10.3	6.3
260	172	Nat. Bk. Aust SA1.	203	−3	Q15c	1.0	4.2	23.2
90	66	Nat. Com. Grp..	89	+2	2.94	4.8	4.9	6.3
318	250	Nat. West. £1...	310	+2	†11.66	4.2	5.6	6.4
£55½	£38½	Ottoman Bank..	£45	.....	Q28%	—	6.2	—
460	350	Schroders £1....	395	.....	11.72	—	4.4	—
255	190	Seccombe MC £1	230	−10	†13.54	—	8.8	—
92	70	Smith St. Aub...	86	+1	5.09	—	8.8	—
462	378	Stand'd Chart £1.	452	+4	†19.64	3.4	6.5	5.7
$11¼	$8¼	Trade Dev. $1.50	$10⅝	.....	Q55c	3.2	5.2	6.1
356	290	Union Disc £1...	340	.....	17.66	—	7.8	—
51	32	U.D.T.	45	+1	—	—	—	4.7
£25⅛	£15¼	Wells Fargo $5.	£20⅜	.....	$1.72	—	4.3	—
92	60	Wintrust 20p....	91xd	+1	3.08	—	5.0	—

Hire Purchase, etc.

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
39½	26¼	Cattle's (Hdgs.) 10p	34½	+½	th1.86	2.0	8.0	9.3
£81	£35	Cie B'cre Fr. 100.	£71¼	.....	Q12%	—	2.1	—
8	8	Credit Data 10p	8#	.....	—	—	—	—
112	83	Lloyds & Scot. 20p.	105	+3	4.41	3.1	6.3	6.8
34½	20	Lnd. Scot. Fin. 10p	34	.....	th1.43	3.5	6.3	5.6
15	8	Moorgate Merc. 10p	12	−1	—	—	—	9.2
118	85	Prov. Financial.	99	+1	5.44	ф	8.5	ф
29	15¼	Strlg. Credit 10p.	26	+½	th0.96	2.3	5.6	(10.8)
20½	10½	Sturla Hldgs. 10p	14	+1½	—	—	—	—
48½	38	Wagon Finance	45xd	+5½	2.30	ф	7.6	ф

BEERS, WINES AND SPIRITS

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INDUSTRIALS—Continued

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
76¼	60	Hawthns & Tipton.	64	......	4.46	2.4	10.4	4.8
17¼	7¼	Hawlin 5p	17¼	+¼	—	—	—	17.5
78	34	Hay (Norman) 10p	75	+8	†3.05	2.1	6.1	11.6
64	120	Hay's Wharf £1	151	+2	5.52	2.7	5.5	9.0
00	72½	Hepworth Ceramic	77	......	3.35	3.8	6.5	5.9
12	64	Hestair	66	+2	t6.99	3.1	15.8	(2.6)
25	20	Hewitt (J.) 5p	25	......	1.05	4.3	6.3	5.7
65	45	Highgate & Job 50p.	50	......	‡2.54	2.4	‡	8.4
17	77	Hill (Chas.) £1	82	......	‡7.37	—	‡	—
38	28	Hirst Mal'son 20p	38xd	+1	2.0	♦	7.9	♦
82	61	Holden (A.)	78	......	g3.62	3.9	6.9	6.2
74	59	Hollis Bros	68	+2	†4.56	1.8	10.0	8.3
77	119½	Holt Lloyd Int. 10p	164	+3	†7.11	2.0	6.5	11.9
90	198	Hoover 'A'	205	+2	15.04	2.0	11.0	7.0
175	119	Hoskins & H 20p	135	......	M10.39	2.0	11.5	11.5
38¾	23½	Howard Tenens	25	+¾	1.91	1.9	11.4	5.8
08	78½	Hunting Assoc.	185	+5	†h1.99	9.2	1.6	10.2
73	23⅝	Huntleigh 10p	73	+7	†h0.68	7.0	1.4	15.6
18	49	Hutch Whamp SHK1	63	+3	†Q20c	2.3	3.8	12.9
28½	11¼	Hyman (I. & J.) 5p	25½	+½	h0.97	3.9	5.6	7.0
04	89	††IAS Cargo Air	95	......	Pd2.8	2.5	4.4	(8.5)
38	118	Do. 6% Cnv. Pref.	136	......	6.0%	11.2	6.6	—
24⅝	£14½	I.C. Industries $1	£18½	−⅛	Q$1.52	—	4.2	—
87	206	ICL £1	480	+5	8.29	7.4	2.6	5.7
02	308	Imp. Cont. Gas £1	400	−2	g9.96	3.3	3.7	9.4
33	22	Ingall Inds. 10p	31	......	1.87	1.6	9.0	10.3
98	61	Initial Services	96	+2	§5.06	2.8	7.9	6.5
20½	8	Inter-City 20p	19	......	†0.61	2.7	4.8	11.7

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

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[illegible]

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TOBACCOS

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INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

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FINANCE, LAND—Continued

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[illegible]

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MISCELLANEOUS

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GOLDS EX-$ PREMIUM

[illegible]

NOTES

[illegible]

"Recent Issues" and "Rights" Page 40

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REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday February 27 1979

Deng sees quick end to war

BY RICHARD NATIONS IN BANGKOK

CHINESE senior vice-Premier, Deng Xiopin (Teng Hsiao-Ping), said yesterday that the fighting in Vietnam might end in "about ten days."

This is the first official Chinese statement on timing of its ten-day-old "punitive action" in Northern Vietnam. Previously, Peking had said only that the action would end when its unspecified "limited objectives" are accomplished.

Mr. Deng made his remarks in an interview in Peking with the Japanese Kyodo News Agency.

Mr. Deng said that he hoped the Chinese incursion into Vietnam might be shorter than the 33-day Sino-Indian conflict in 1962, but added that it might last a few days longer "because Vietnam is stronger than India."

Mr. Deng said China would support any UN resolution linking the withdrawal of Chinese forces from Vietnam with that of Vietnamese forces from Cambodia.

But he also dropped a clear hint that China's limited "punishment" could well be repeated, even after Peking has brought its troops home, if Vietnam continues to cause more provocations along their common border.

Mr. Deng's forecast China's invasion into Vietnam and diplomats here read his words as a warning to Hanoi and Moscow that the present border incursion may not be the last if Vietnam continues to traffick dangerously with Soviet strategic designs.

Referring to the threat of Soviet intervention in the Sino-Vietnamese conflict, Mr. Peng said: "I can not foresee any such action although I cannot preclude totally such risks."

Peking claimed yesterday to have beaten the elite "Flying Tigers" regiment of the 3rd division, in the first Chinese report of any engagement with regular units of the Vietnamese army.

The New China News Agency said a battalion of its forces had overrun the "Flying Tigers" defence positions in the hills surrounding the border town of Dong Dang, four km from the Friendship Pass seized by the invading Chinese forces last Saturday.

Military analysts treat these reports with some caution, since it appears that Dong Dang has been in Chinese hands for nearly a week. It was only on Thursday that Hanoi began shifting some of its main force units up to the front. Such elite units are considered exactly the sort of target the Chinese are after.

The real battle, however, appears to be engaged eight miles east of Dong Dang at the provincial capital of Lang Xon, which Vietnamese forces are defending to block access to the strategic Highway 1-A running 85 miles south-west to Hanoi.

The admittedly patchy intelligence reports on the battle zone indicate that the fronts have stabilised near the main points mentioned in official reports on Radio Hanoi in the past few days—Lai Cay, Cao Bang, Lang Xon and Mon Cay—none further than 20 miles from the border.

Military analysts cannot confirm foreign news agency reports from Peking and Hanoi quoting officials in both capitals as saying that Chinese forces have penetrated as deep as 85 miles to Ngan Son. They doubt that large troop concentrations could have moved so far without being detected.

Sino-Japanese contracts delayed

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

CHINA is delaying big plant import contracts signed with Japanese companies towards the end of last year.

The reason stated is that no agreement has yet been reached on the financing of Sino-Japanese trade. But observers in Tokyo feel the delays may reflect the beginning of political controversy in Peking over the ambitious modernisation policies of Vice-Premier Deng Xiaoping (Teng Hsiao-ping).

One big contract affected involves the supply of a £1m integrated steel plant by Nippon Steel Corporation. Japanese trading companies which contracted to supply chemical processing plant have received telex messages announcing delays in the granting of Chinese import licences.

Observers in Tokyo think there may be more to the recent spate of Chinese "postponement" messages than is officially admitted. They note that a Chinese delegation conducting negotiations with the Japanese National Oil Corporation on joint exploration in the Gulf of Pohai left Tokyo suddenly 10 days ago after a summons from Peking.

It is suggested that these events may signal disagreements in Peking over the policies of Mr. Deng. He is understood to have been criticised in a recent Peking wall poster for the decision to move Chinese troops into Vietnam.

Some Japanese observers speculate that opponents of "modernisation" may have seized on Vietnam as a convenient stick with which to beat Mr. Deng.

The telex messages have mostly been sent on the expiry of the 60-day periods within which Chinese purchasing corporations undertook to obtain import licences from the Chinese Ministry of Foreign Trade. The 60-day deadline for implementation of the Shanghai steel plant contract expired last Thursday, the day on which Nippon Steel is understood to have been notified that its contract was "not yet effective."

Japanese exporters say they understand the importance to China of working out satisfactory arrangements for financing Japan's plant exports. In spite of this there is much scepticism about whether China is really withholding import licences for financial reasons.

The £1bn steel plant contract and £1.25bn worth of orders for chemical plant which were signed late last year provided for China to pay in cash, usually half in dollars and the rest in yen.

The question how to finance future Japanese exports to China thus seems to have little or nothing to do with the implementation of contracts already signed. Japanese exporters also note that a clear timetable has been set out for reaching agreement on the financing of Sino-Japanese trade to the apparent satisfaction of both sides.

Under this timetable a mission from the Bank of China arrived in Tokyo last week to conduct negotiations which are due to be concluded by the second week of March. China's deputy minister of foreign trade is provisionally expected to go to Tokyo in mid-March in order to formalise the financing agreement.

Ministers to resist big rise in pit pay

By Christian Tyler, Labour Editor

MINERS' LEADERS were told by the Prime Minister yesterday that the Government would honour its commitment to expand the coal industry and tide it over its short-run deficit.

But he made it plain that it would not finance a big pay rise this year, especially because the miners would be followed by other powerful public-sector groups like the power workers.

After a meeting in Downing Street between Mr. Callaghan, Mr. Anthony Wedgwood Benn, the Energy Secretary, and the union's national executive committee, Mr. Joe Gormley, president of the National Union of Mineworkers, said he was confident of an acceptable settlement.

The NUM, after an executive meeting this morning, returns to the National Coal Board for further talks on an offer which could exceed 9 per cent, or some £73m, if more efficient working and higher area output bonus schemes are agreed.

Mr. Callaghan said he recognised that miners, as well as deep-sea fishermen, had unusually hazardous jobs and were industrially powerful. But he told them that although they would have some call on the Government's £800m contingency reserve fund for the next financial year, there were calls on it, too, for such purposes as schools and hospitals.

No blank cheque

There would be no "blank cheque," he said, at a time when free collective bargaining had become a great comparability exercise.

Mr. Benn urged the miners not to think that, even with dearer oil, a price rise for coal above the 9 per cent already announced by the Board would be to their ultimate advantage.

Some union leaders formed the impression that the Board's aplication for a doubling of its operating subsidy to £250m would be met, although there was no confirmation of that in the meeting. The Board, however, expects the £124m subsidy for this financial year to be raised by another £50m worth of regional aid.

Mr. Gormley said that wages were discussed; but the union did stress the need for a high wage to retain and recruit skilled manpower.

It claims rises averaging 30 per cent, with 40 per cent for faceworkers to raise their pay to £110 a week from £78.44. It wants the surface worker's minimum raised from £54.86 to £66; a four-day week; improved allowances; and earnings protection for former underground workers.

The Board and the Government are hoping that an addition to present bonus payments—averaging over £17 a week, and nearly £23 at the face—coupled with other allowances and efficiency payments will produce an acceptable settlement well short of the £400m that the NUM claim is said to be worth.

New container service from Felixstowe

By Our Shipping Correspondent

THE port of Felixstowe has won a contract for an important new Far East container service, to be operated by the rapidly growing Evergreen Line of Taiwan.

Under the agreement, four medium-sized vessels will provide a service at 16-day intervals, starting in May. This will increase to an 11-day frequency later in the year.

The European service will be Evergreen's sixth regular line. It has a fleet of 24 ships with an average age of two years.

Groups appeal against court traffic ruling

THE FREIGHT Transport and Road Haulage Associations and the National Farmers' Union, will appeal against the High Court decision that the Berkshire County Council's "Windsor cordon" is legal.

The groups say the judgment has such serious implications in relation to the powers it apparently confers on local authorities to impose stringent traffic bans, then vary them as they see fit, that it must be tested further in the courts. The cordon imposes bans on short lengths of strategic roads on 12 routes south of Windsor.

Aside from the legality, the groups say the scheme is costing trade and industry £500,000 a year and the benefits it affords to some roads are matched by the disadvantages of extra lorries on others.

THE LEX COLUMN

EPC bidding nears the climax

The international political climate is weighing on the dollar again, while sterling has moved up to its highest level on a trade-weighted basis for 11 months and the Bank of England was probably buying in some dollars yesterday. The relative insulation of the UK economy from the oil weapon and the present high short term interest rates, have combined to make sterling very attractive for the time being.

English Property

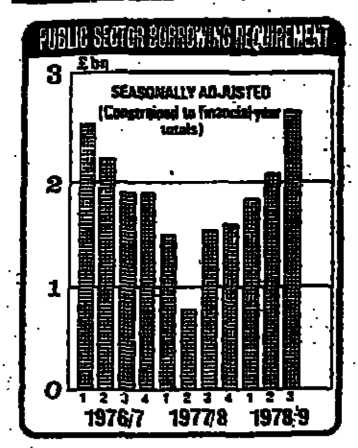
In the offer document brought out at the time of its 37p a share bid for English Property Corporation last month, Wereldhave presented EPC as a chronically sick company. Yet yesterday it offered 56p a share, only to be trumped immediately by the Canadian real estate company Olympia and York, which with a bid of 60p must now be the favourite to gain final control, especially as it has already built up a 20 per cent stake in EPC. The bidding now is close to the fully diluted 68p a share net asset value that EPC claims for itself.

Part of the justification for the frantic bidding may come from a conviction that EPC is perhaps turning the corner rather faster than anticipated. Increasing lettings in Europe should bring its operating deficit down this year even with higher interest rates, as more properties get past the development stage and generate revenue. An increase in property values would boost EPC's net worth disproportionately, given its very high financial gearing.

But the key seems to lie in the Canadian holdings—EEC's stake in Trizec, which it consolidates despite not having a voting majority. Wereldhave would be prepared to cover some of its outlay on EPC by selling off some Trizec equity for cash to the Bronfman interests, while taking a more active management role at Trizec than EPC has done. Olympia and York controlled by the Bronfmans' rivals, may be seeking either to take Trizec over completely or to have the Bronfmans buy it out at a premium.

The possibility of a further bid from Wereldhave cannot be entirely ruled out, even though it is only six weeks since it wrote that 37p a share fairly reflected EPC's overall worth given its "underlying assets." massive borrowings, contingent liabilities and general prospects." Olympia and York is generally assumed to be interested in EPC only because of the Trizec stake but there is some feeling that Wereldhave might come back into the market for another property company if it is unsuccessful with EPC.

Index rose 1.8 to 468.8



PSBR

The steeply increasing trend of the public sector borrowing requirement for the past five quarters fits in with the rising pattern of interest rates (long term interest rates bottomed at the end of the second quarter of the 1977-78 financial year) but if the official forecasts are right an abrupt change of trend is now taking place. According to the seasonally adjusted figures the PSBR was running at an annual rate of some £8.5bn in April-December. But if official projections are not to prove complete nonsense, the current quarter will have to show a very sharp cut.

On an unadjusted basis, in fact, the January-March PSBR will have to be no more than £200m if the total for the financial year is not to go higher than the revised estimate of £8bn. There are still some grounds for believing this could happen, given the absence of the income tax rebates earlier in the year, a good corporation tax season, and a bit of luck on items like year-end spending by the departments and borrowing by the public corporations which surged in the third quarter.

As for next year, the repeatedly declared ceiling is £8.5bn, a slightly lower level—especially in relation to money GDP—than seen in the past nine months. The possibility remains, of course, that the pressure on the cash limits will prove too much for the Government—or its successor—to withstand. But while the gilt-edged market may have been inclined to worry about that a couple of weeks ago, it has enjoyed a complete change of mood since then. Yesterday the PSBR figures were hardly noticed and the market overcame early selling pressure with impressive strength to close at the highest levels of the day.

P & O

After Tate and Lyle's surprise decision to cut its dividend last month the stock market has become increasingly nervous about other high yielders) and none more so than P & O. It has been common knowledge for some time all is not well at P & O and recent reports that Britain's biggest shipping company was considering selling off some of its much vaunted energy interests have only heightened the stock market's unease about the security of the final dividend. Last night the shares closed at 76p, their lowest level for over three years, where they yield 13 per cent.

The decision to review the energy interests is not particularly surprising in itself, since P & O, in common with a number of other companies such as Vickers, has found that the North Sea service business is nowhere near as profitable as first thought. However, the possibility that P & O might sell off its 15 per cent stake in the Beatrice field—potentially one of its most profitable assets—is more worrying.

The depressed trading picture facing the world's major shipping companies is well known. In addition, the disruption of trade with Iran and the UK lorry drivers strike has obviously had an adverse impact on UK shipping companies such as P & O.

Its three latest LPG carriers cost £50m apiece, which is a lot of money for a company with a stock market capitalisation of just over £100m. These ships need to be earning charter rates of around $900,000 per month, but at the moment the going rate is under $250,000 per month and there is talk that the surplus tonnage, currently depressing charter rates, will not disappear till the mid-1980s.

Although P and O is still spending heavily on new ships its balance sheet pressures can easily be alleviated by selling off parts of the business. Bovis Construction, Twentieth Century Banking and the portfolio of City properties (now probably worth over £100m) would be snapped up by outsiders. But it seems P and O would rather sell off part of its minority interests in the North Sea and leave the core of its business untouched.

'No' votes grow in Scotland

By Ray Perman and Richard Evans

THE GAP between Yes and No campaigns in the Scottish devolution referendum is narrowing quickly. This could produce a close result which will provide problems for the Government.

In a Glasgow Herald opinion poll this morning, 40 per cent of those asked said they would vote No, compared with 43 per cent Yes and 17 per cent who were still undecided.

If the Don't Knows are excluded, the figures are 52 per cent Yes and 48 per cent No. This implies that a 77 per cent turn-out would be needed to satisfy the condition that 40 per cent of the Scottish electorate must vote in favour before the Scotland Act can be put into effect.

A turn-out of this level is highly improbable and is above that usually expected in a general election.

Such a close result falling short of the 40 per cent requirement would mean that the future of the Government's devolution proposals would rest with Parliament.

Lost ground

The Prime Minister may still ask the Commons to vote through the Scotland Act. Labour anti-devolutionists, however, would not regard a narrow majority as acceptable, and might combine with the Conservatives to defeat the measure.

The latest poll, based on a sample of 1,080 electors in 40 constituencies and conducted over last weekend, is the most dramatic yet. The last poll by the same organisation two weeks ago gave the Yes campaign a 10 per cent lead.

With voting due on Thursday, there is now little time for the Yes side to make up the lost ground, although the Labour Party is intensifying its campaign in favour of the devolution proposals.

One reason for the change seems to be a rise of support for the Conservative Party in Scotland.

The Conservatives now command the allegiance of 37 per cent of the electorate, according to the poll, compared with 31 per cent two weeks ago. Labour has stayed at 40 per cent, and the Scottish National Party has dropped from 23 to 18 per cent.

Among Conservative voters, 71 per cent now say they will vote No, 19 per cent Yes and 10 per cent are undecided.

Devolution campaign, Page 10

Tax rebates led to sharp rise in public sector borrowing

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BORROWING BY the public sector rose sharply towards the end of last year, chiefly as a result of backdated tax cuts and increased fund-raising by nationalised industries.

The level of public sector borrowing is one of the Government's and the City's key yardsticks for measuring fiscal performance. Hence any indications of its underlying trend are being watched particularly closely ahead of the Budget.

For the first nine months of the 1978-79 financial year to the end of March, borrowing amounted to £6.62bn on a seasonally adjusted basis.

This compares with last November's Treasury forecast of a £8bn total for the whole of 1978-79, but the official view remains that the final outcome should be near this figure.

To meet this target, borrowing will have to decline sharply in the current quarter from the September-to-December level of £2.69bn. This is possible, since the latter total was boosted by large income tax rebates not covered by the usual seasonal adjustments and by a so far unexplained rise in borrowing by public corporations.

PUBLIC SECTOR BORROWING
£bn, seasonally adjusted

1976-77		8.561
1977-78		5.481
	1st	1.507
	2nd	0.793
	3rd	1.571
	4th	1.610
1978-79	1st	1.845
	2nd	2.080
	3rd	2.691

Source: Central Statistical Office.

Moreover, the central government surplus in January, published earlier this month, was larger than in recent years as a result of buoyant tax revenue, which points to a possibly lower level of overall public sector borrowing in the current quarter.

But borrowing by the public sector has been rising for five quarters in a row as a result of the expansionary fiscal stance adopted from the late summer of 1977. Borrowing in the last six months, for instance, was £4.77bn compared with £3.45bn in the previous half-year.

The main City concern now is with the projected level of borrowing for 1979-80, and therefore the size of spending cuts or tax increases needed in the Budget to bring the total down to the £8.5bn official ceiling for the year.

Projections of £10bn to £10.5bn in 1979-80 on unchanged policies are believed to be circulating in Whitehall, in line with warnings to the Commons last month by Mr. Denis Healey, the Chancellor.

There is more than a suspicion among long-standing Whitehall watchers that the Treasury is not unhappy to use fairly high borrowing estimates to convince the Cabinet of the need for a tough Budget and to present an eventual £8.5bn projection as a source of reassurance for the markets.

EPC bid increased twice in a day

BY CHRISTINE MOIR

A SIXTH and a seventh bid for the English Property Corporation were made in quick succession yesterday, increasing the company's value to £58m.

Wereldhave, the Dutch company which opened its bidding for EPC at the start of last month, made the first move. Its 46p offer (already twice topped by the Canadian opposition) had expired on Friday. Fresh back from further talks with EPC's partners in the Trizec Corporation in Montreal, Mr. Willem van Dijk, Wereldhave's chairman, was prepared to offer 56p.

For an hour or so Wereldhave was able to stand in the market at this price and picked up about one per cent of EPC's shares.

Then the Canadian Reichman brothers, who own Olympia and York, swept the Dutch from the board again with a 60p offer. EPC's market price moved up 6½p to 60½p leaving Olympia in no position to add to its 20 per cent stake by further market purchases.

The battle between the Dutch and the Canadians is now openly about control of Trizec, one of Canada's largest property companies in which EPC has a complicated half share.

Trizec's flagship property alone, the 3m sq ft offices and shops complex at Place Ville Marie in Montreal is worth C$250m.

Continued from Page 1

Yamani warning

The loss to world oil markets as a result of the halt in Iranian exports was now about 400m barrels or about 4.4m barrels a day, equivalent to about 8.5 per cent of total current free world consumption.

The loss had been met adequately in the short-term, said Sheikh Yamani. But OPEC countries had had to shoulder the responsibility by over-producing in order to help the world economy.

"The sacrifices become even greater when the price at which those countries sell their oil is far below current market prices. OPEC may again demonstrate to the world its keenness to refrain from opportunistic behaviour by accepting less than the market can bear. In this it is guided by principles of moderation as well as long-term considerations."

EMI sells West End freehold

By Christine Moir

EMI HAS sold the freehold of its 3½-acre headquarters development in Tottenham Court Road, London, to Prudential Assurance in return for the funds to complete the building.

The Prudential has agreed to pay £33m for the West End complex into which EMI will move its London headquarters next summer.

The cash will be paid out in tranches, roughly reflecting the building stages; £12m now and the remainder up to completion.

In return for this funding, EMI will become a tenant of the Prudential, paying £2.6m in rent for the 180,000 square feet of offices it will occupy.

This gives Prudential a near 8 per cent short-term reversionary yield on a prime office development, with normal five-yearly rent reviews as part of the deal.

EMI's involvement with the site began in 1971 when it acquired for £5.8m two property companies which owned the Gort Estate.

Then followed five years of wrangles with Camden Council over the planned development. In 1976, however, the differences were budied, and EMI started work on a scheme then budgeted to cost £25m.

Apart from the office content, there will be ancillary preview cinemas, studios and car parking for EMI, plus a parade of about 20 shops on Tottenham Court Road.

Weather

UK TODAY

MOSTLY dry. Sunny periods. Rain later. Max. 8C (46F).

London, S.E. England, E. Anglia

Sunny intervals. Ooccasional rain in the evening.

Cent. S. England, Midlands, Channel Isles, S.W. England, S. Wales

Cloudy. Some rain later.

N. Wales, Isle of Man, N. England, Borders

Some rain. Hill fog patches.

Scotland, Ulster

Sunny intervals. Showers developing. Hill fog patches.

● **Outlook:** Northern areas will have bright intervals and wintry showers. Mostly dry in the south with some rain.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	11	52	L. Plms.	C	17	63
Algiers	C	10	50	Lisbon	S	11	52
Amsdm.	C	−1	30	Locarno	S	6	43
Athens	F	10	50	London	C	2	36
Bahrain	S	24	75	Luxmbg.	F	4	39
Barclna.	S	12	54	Madrid	F	7	45
Beirut	S	18	64	Majorca	R	9	48
Belfast	C	7	45	Malaga	C	13	55
Belgrd.	S	2	36	Malta	C	12	54
Berlin	Sn	−4	25	M'chstr	F	6	43
Biarritz	S	8	46	Melbne.	C	22	72
Bmghm.	S	5	41	Milan	S	7	45
Blackpl.	C	5	41	M'treal	Sn	−7	19
Bordx.	S	4	39	M'sc'w	Sn	−2	28
Boulgn.	C	−2	28	Munich	F	−2	28
Bristol	F	5	41	Nairobi	R	22	72
Brussels	S	1	34	Naples	C	7	45
Budpst	F	1	34	Nwcstl.	C	6	43
B. Aires	S	28	82	N. York	R	2	36
Cairo	S	26	79	Nice	C	9	48
Cardiff	S	5	41	Oporto	S	10	50
Cas'b'ca	C	14	57	Oslo	C	−1	30
Cape T.	S	22	72	Paris	S	4	39
Chicago	S	−3	26	Perth	S	26	79
Cologne	F	0	32	Prague	F	−1	30
Cpnhgn.	C	−1	30	Reykjvk.	Sn	2	36
Corfu	S	12	54	Rhodes	C	15	59
Dublin	C	9	48	Rio J'o	S	33	91
Dbrvnk.	C	6	43	Rome	S	8	46
Ednbgh.	C	9	48	Salzbrg.	C	3	37
Faro	S	13	55	Singapr.	S	29	84
Florence	F	6	43	Stckhm.	S	5	41
Frankft.	S	3	37	Strasbg.	S	8	46
Funchal	F	16	61	Sydney	S	28	82
Geneva	S	2	36	Tangier	C	13	55
Gibrltr.	R	11	52	Tehran	S	15	58
Glasgow	C	8	46	Tel Aviv	S	22	72
G'rnsey	S	6	43	Tenerife	C	13	55
Helsinki	F	1	34	Tokyo	R	7	45
H. Kong	C	18	64	Toronto	Sn	−5	23
Innsbrk.	S	0	32	Valencia	C	10	50
Invrnss.	R	5	41	Venice	S	6	43
I.o.Man	R	7	45	Vienna	C	0	32
Istanbul	S	7	45	Warsaw	S	−1	30
Jersey	S	7	45	Zurich	S	0	32
Jo'burg	S	27	80				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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